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## Soviet Opening 2 Reactors to Inspection

By Paul Lewis  
New York Times Service

PARIS — The Soviet Union has agreed to open two of its nuclear reactors to international inspectors this month, Western diplomats have reported.

It would be the first time for Moscow to allow an impartial outside inspection of any of its nuclear installations, civilian or military, to determine how they work and verify what they are doing.

In the next two to three weeks, experts from the International Atomic Energy Agency, based in Vienna, are to examine two Soviet reactors of the pressurized-water type to ensure that they are being used to generate electricity and not for military purposes.

The inspection invitation precedes the Aug. 27 opening in Geneva of a month-long conference of 128 countries to review the working of the Treaty on the Nonproliferation of Nuclear Weapons.

At the conference, both the Soviet Union and the United States are likely to face charges by Third World countries and others that they have not honored their treaty commitments to promote disarmament and to share peaceful nuclear technology with other nations.

Western analysts see the Soviet decision as a demonstration of

Moscow's support for nonproliferation and as a way for it to distract attention from lack of progress at the U.S.-Soviet arms control talks.

Diplomats and officials of the International Atomic Energy Agency say that the same purpose might have been behind Moscow's announcement last week that it would suspend underground nuclear

testing from Aug. 6 until the end of the year.

Some officials say the Soviet move could have wider political significance. By agreeing to inspection of civilian nuclear plants, it may be moving closer to accepting on-site inspection of nuclear activity with military implications.

Ordinarily, countries signing the treaty renounce nuclear weapons and agree to open all their nuclear installations to International Atomic Energy Agency inspection as a safeguard against cheating.

But Britain, the United States and the Soviet Union, which had nuclear weapons when the treaty was drafted, were allowed to retain those weapons and were exempted from international inspection. In return, these so-called "nuclear weapon states" agreed to work for

nuclear disarmament and to share their nonmilitary nuclear technology with other countries.

As a sign of support for the treaty, the United States and Britain opened their civilian nuclear installations to inspection during the 1970s, although the international agency makes only token checks since both countries have the right to build weapons.

France, which has not signed the treaty but agrees to behave as if it had, also allows the Vienna-based agency to inspect its civilian plants.

The Soviet Union agreed in February to do the same, and in recent weeks it rushed through the preparations for inspections this month, the sources said.

Widespread feeling that the United States and the Soviet Union had not carried out their treaty commitments on nuclear disarmament and technology-sharing caused the breakdown of the last review conference, in 1980, when a majority of delegates refused to sign the communiqué.

Prospects for this year's conference appear little better.

Many Western experts fear that a second failure risks seriously weakening international confidence in the treaty, thus undermining the elaborate system of international

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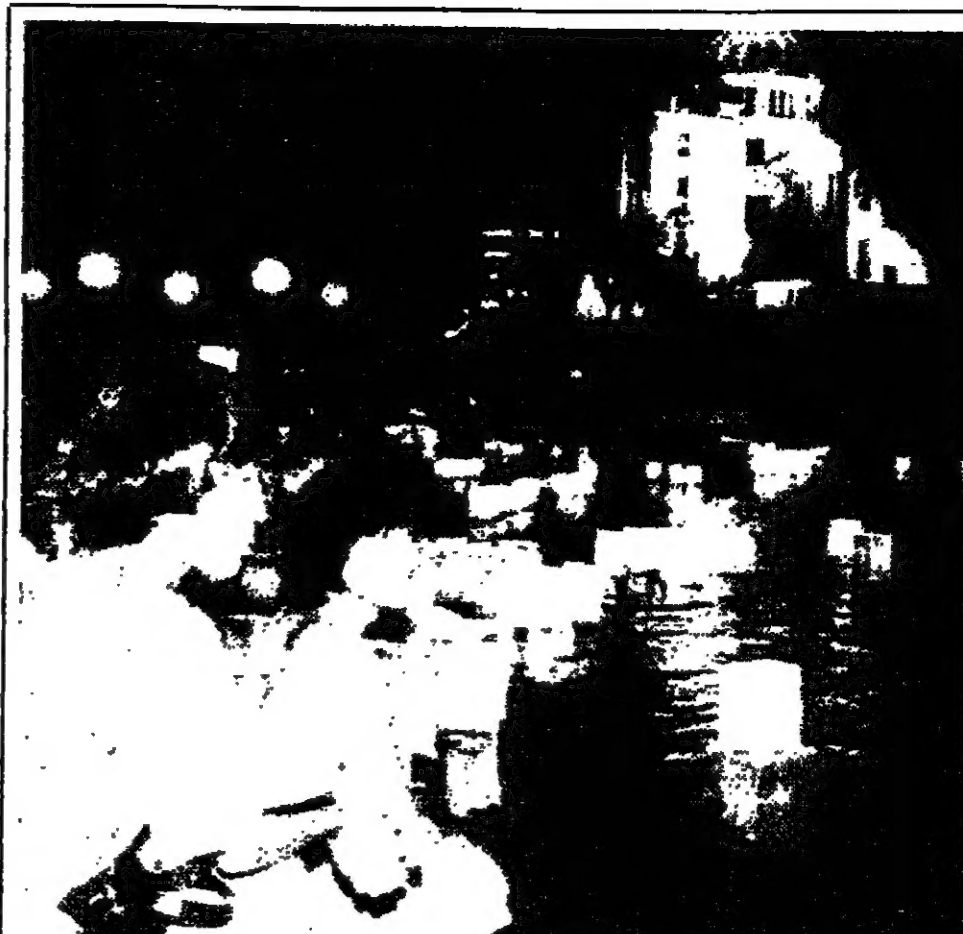
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The Associated Press

## Hiroshima Marks Day of Devastation

By John Burgess  
Washington Post Service

HIROSHIMA, Japan — With a minute of silent prayer, the release of 1,500 doves and the offering of ritual flowers to 138,690 dead, Hiroshima marked the 40th anniversary Tuesday of its devastation in history's first nuclear attack.

About 55,000 Japanese and foreigners gathered for ceremonies in Peace Memorial Park, an oasis of

trees, monuments and relics of the bomb, code-named Little Boy, which was dropped at 8:15 A.M. Aug. 6, 1945.

The assemblage fell silent Tuesday at the precise time the bomb fell 40 years earlier. Several hundred people threw themselves to the ground in a "die-in" at the "Atom Bomb Dome," the only ruin that the city has preserved. Other people prayed in apartments, by riverbanks and in nursing homes.

Prime Minister Yasuhiro Nakasone, speaking at the ceremony, appealed to the United States and the Soviet Union to achieve real progress toward nuclear disarmament in the summit meeting their leaders have scheduled for this fall.

Mr. Nakasone also pledged to uphold Japan's own "three non-nuclear principles" — never to produce nuclear weapons, never to possess them, and never to allow them to be introduced into Japanese territory.

Hiroshima's mayor, Takeshi Araki, a survivor of the bombing, (Continued on Page 2, Col. 2)



Relatives of Hiroshima bombing victims, top, floated candle lanterns Tuesday night on Motoyasu River. Pacifists staged a "die-in" at the city's bomb memorial.

## 4 West Bank Students Held By Israelis

By William Claiborne  
Washington Post Service

JERUSALEM — In the face of U.S. State Department criticism of the revival of harsh security measures in the occupied West Bank, the Israeli authorities have arrested four Palestinian college students under "administrative detention" and have moved to deport seven Palestinian detainees who were released from confinement in May under a prisoner exchange, the security authorities confirmed Tuesday.

Israeli officials said that despite the U.S. criticism of the renewed use of deportations and indefinite "administrative detentions," they and other measures would be used to combat terrorism in the occupied territories and in Israel.

The Israeli defense minister, Yitzhak Rabin, said of U.S. officials during a tour of the West Bank on Tuesday, "I'm sorry that we are sorry. We will continue to do all we find necessary to ensure security for the Arab inhabitants who wish to live in peace, and security for the Jewish inhabitants. We will fight terror without any playing around, and we will maintain law and order."

Mr. Rabin added that the Israeli government "will search for ways, including administrative detentions and deportation, against those who actively agitate for terrorist acts and disturbances."

The U.S. State Department, reacting to Sunday's cabinet decision to impose stronger new measures in the occupied West Bank and Gaza Strip, said in a statement Monday that it deplored the violence that



Defense Minister Yitzhak Rabin of Israel, right, during a 20-minute visit to the occupied West Bank city of Nablus.

led to the cabinet decision, but added: "Nevertheless, we regret the cabinet's decision and hope that these measures will not be implemented. As we've said in the past, we consider such measures as likely to foster further tensions."

The military command said that the four held under administrative detention, all students at An-Najah University in Nablus, were local leaders of the al-Fatah military wing of the Palestine Liberation Organization, the Popular Front for the Liberation of Palestine-General Command and the Democratic Front for the Liberation of Palestine.

Palestinian sources in the West Bank, who asked that they not be identified, said that the closure of An-Najah — the biggest Palestinian university on the West Bank — and the arrests of the student leaders was designed to thwart student elections scheduled for this week-end, in which Palestinian nationalist candidates had a clear edge.

The sources said further that the ultimate goal of the Israeli government was the permanent closure of the university.

The seven Palestinians who have been scheduled for deportation by Sunday were among 1,150 Arab detainees exchanged in May for three Israeli soldiers.

## Ulster Role For Dublin Is Reported

The Associated Press

LONDON — Ireland will be offered a consulting role in the affairs of British-ruled Northern Ireland under a joint council of ministers and a security commission to be established by the two nations, the British Broadcasting Corp. reported.

The BBC said Monday that a draft agreement will be completed in September.

It said that Prime Minister Margaret Thatcher of Britain and Prime Minister Garret FitzGerald of Ireland will meet, probably in October, to consider the agreement.

The BBC, which did not give the source of its information, said that the agreement would establish a permanent joint council with government ministers from Dublin and London.

Ministers from Ireland will make suggestions to the British government and pass along complaints from Northern Ireland's Roman Catholic minority, the report said.

The agreement also would set up a security commission to bring together police officials from the Irish Republic and Northern Ireland, the BBC said.

Other provisions include giving Irish names to some streets and making it legal to fly the Irish flag in the north.

The agreement would not meet Irish demands for the abolition of the Ulster Defense Regiment, a militia composed almost exclusively of Protestants, the BBC said.

Britain also will not allow judges from Ireland to sit in on terrorist trials in Northern Ireland.

## Latin American Nations Pressured For New Moves to Ease Debt Burden

By Robert J. McCartney  
Washington Post Service

MEXICO CITY — Latin American governments are feeling increased political pressure for new financial arrangements that would ease their foreign debt burden and allow more rapid economic growth after three years of austerity, according to regional economic specialists.

A consensus is forming in the region that the measures adopted since the debt problem emerged as a major issue in 1982 have been only partially successful, the specialists said, including Mexican officials and U.S. banking sources.

More debtor countries are thinking of some kind of limit on their interest payments, or an international mechanism to subsidize those payments, the sources said.

The growing dissatisfaction was evident in two developments last week. Peru's new president, Alan Garcia Pérez, announced that his country would limit its debt payments to 10 percent of export earnings in the coming year, and participants at a Cuban-sponsored conference, most of them unofficial and on the political left, called for a regional suspension of debt payments.

Most of the public calls for change have come from Latin

America's leftist intellectual community, which is vocal but politically weak. Peru's action indicated that some of the region's smaller debtors might take positions that the larger ones could feel compelled to adopt to save face.

"The problem is that the issue has become more political now," a senior American bank executive said. "People are saying that those who wanted radical measures, such as a capping of interest payments, were right."

Latin America's debtors generally have sought to avoid confrontation with U.S. West European and Japanese banks and government agencies that hold the region's debt of \$350 billion.

The banks' nightmare of a "debtors' cartel" styled after the Organization of Petroleum Exporting Countries has not occurred; the debtors have accepted the banks' position that each country's debt should be handled individually.

The three largest debtors — Brazil, Mexico and Argentina, responsible for almost three-quarters of the debt total — have publicly rebuffed President Fidel Castro's proposal for a moratorium on debt payments. The three did not send official delegations to the Havana session. They also have rejected or shied away from Peru's unilateral action, which was viewed by many as a populist publicity stunt.

"I don't think that Peru wants to declare itself an outlaw in the international financial community," said a senior United Nations official who monitors Latin American economies. "It wants to provoke the banks, and get better terms later on."

But the debtors are thinking



Bishop Tutu confers with a police officer in Daveyton.

## Tutu Defies Ban on Politics at Funerals

Bishop Defuses Confrontation With South African Police

By Glenn Frankel  
Washington Post Service

DAVEYTON, South Africa — Bishop Desmond M. Tutu openly defied the government's ban on political demonstrations at funerals for the first time Tuesday and then interposed himself between black mourners and white security forces to prevent a violent confrontation.

Bishop Tutu's intervention and negotiations with the police defused a situation in which bloodshed had appeared inevitable.

In a show of force, dozens of armored vehicles and hundreds of heavily armed soldiers and police officers had encircled an angry crowd of about 1,500 mourners, most of them teen-agers.

Bishop Tutu, winner of the 1984 Nobel Peace Prize, pleaded with youths not to provoke a clash. "You are young," he said. "I would urge you, don't do anything which will give the system a chance to hurt you."

The Anglican bishop of Johannesburg persuaded the police to supply seven buses to transport the crowd to a local cemetery for the burial of a 16-year-old victim of previous unrest, and he persuaded the youngsters to board the buses and conduct themselves peacefully.

Last month he intervened to prevent a crowd from attacking a black man accused of collaborating with the white authorities.

Meanwhile, the police in Brandfort in the province of Orange Free State raided the house of Winnie Mandela, the banished wife of the imprisoned black nationalist leader Nelson Mandela. Mrs. Mandela was not at home during the raid.

The police arrested 30 persons after firing tear gas and rubber bullets into a crowd.

It was one of several incidents of unrest reported Tuesday in areas outside the government's declared state of emergency.

Bishop Tutu came to the black township of Daveyton, about 20 miles (32 kilometers) east of Johannesburg, to preach at a funeral for three women who were killed two weeks ago in clashes with the police, but the police ordered the families to hold separate funerals.

Speaking at the home of one of the victims, he condemned the regulations, announced by South Africa's white-minority government last week, that prohibit any mention of political issues at funerals for victims of South Africa's continuing unrest.

Citing defiance of the high priest of Jerusalem by the apostle Peter in the New Testament, Bishop Tutu told the crowd: "I do not want to defy the government. But the Scriptures state quite clearly when there is a conflict between the law of God and the law of man, we must obey God and not man. And so at funerals I will continue to preach the gospel."

The denizens of Macao's nightspots are getting ready to defend their turf.

"We are a monument here now. We are an institution," asserted Jerome Steph, director of the "Crazy Paris" review, a show in which

Chinese officials have suggested that they intend to apply the "one country, two systems" concept to Macao, but no one knows for sure just how much China will be willing to accept.

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■ Bank



## U.S. Ordered To Penalize Japanese on Whale Quota

United Press International

WASHINGTON — A federal appeals court ruled Tuesday that the United States must impose sanctions against Japan for violating international whaling quotas.

A three-judge panel of the Circuit Court of Appeals for the District of Columbia, rejecting arguments of the administration, said that Commerce Secretary Malcolm Baldrige was required by law to impose the penalties.

Mr. Baldrige had asked the court to exempt Japan from the sanctions, which would halve Japan's fishing quotas in U.S. territorial waters at a cost to Japan of about \$462 million a year.

In March, the two nations announced a pact that would have allowed Japan to kill up to 1,200 sperm whales without facing sanctions, in exchange for ending all commercial whaling in 1988.

The International Whaling Commission, of which Japan is a member, has voted to end commercial whaling by 1986.

Writing for a 2-1 majority, Judge Skelly Wright said, "Where a foreign nation allows its nationals to fish in excess of recommendations set forth by an international fishery conservation program, it has per se diminished the effectiveness of that program."

In such cases, the judge said, the imposition of sanctions "is mandatory and nondiscretionary."

The ruling was a victory for Greenpeace and other conservation organizations, which filed suit against the U.S. government in 1984 requesting that Mr. Baldrige be ordered to certify Japan as a nation that had violated anti-whaling quotas.

## Soviet Opening 2 Reactors

(Continued from Page 1)

national safeguards to ensure that civilian nuclear plants are not used for military ends.

The Soviet Union, along with the Western industrial countries, is a strong supporter of the nonproliferation treaty, refusing to allow its

Yugoslav Jailed for Nazi Sign

THE ASSOCIATED PRESS

BELGRADE — A 27-year-old mechanic from Dubrovnik was sentenced to nine months in prison for drawing Nazi swastikas in public places, the daily newspaper Novosti reported Monday.



Prime Minister Nakasone carried a wreath Tuesday to the Hiroshima memorial for victims of the nuclear bomb.

## Hiroshima Marks Day Of Nuclear Devastation

(Continued from Page 1)

also appealed for nuclear disarmament.

"Today's devastation leads to tomorrow's destruction," he said. "The fates of all of us are bound together here on earth. There can be no survival for any without peaceful coexistence for all."

More than 50 smaller memorials and demonstrations began to unfold in other points around the city to climax its year-round, international campaign to keep memories of the bomb alive.

A group known as the First World Conference of Mayors for Peace Through Inter-City Solidarity brought officials from about 95 cities in Japan and abroad to Hiroshima.

In recent days, the city has been filling with peace activists, high school students, a few international celebrities and much of the leadership of Japan.

The main ceremony began with the dedication of a list of names of the bomb's victims. The names of about 4,200 persons who survived it in 1945 but have died in the past year were formally added to the list, to make 138,650.

Then, dignitaries including Mr. Nakasone and the speakers of the upper and lower houses of the Japanese parliament strode to the Atomic Bomb Cenotaph, the main peace monument in the park, to lay wreaths of flowers.

U.S. Commemoration

Thousands of Americans observed the anniversary of the bombing with vigils and rallies across the nation. At least 150 demonstrators were arrested Tuesday at arms manufacturing facilities and government buildings.

Children folded paper cranes of peace, and painters traced shadows of the human form on asphalt as reminders of victims vaporized by the atomic explosion.

"I understand why the bomb was dropped, but I still apologize for it," said Mayor Ralph Russo Johnson, Rhode Island, who witnessed the bomb's destruction as a marine serving in Japan after World War II. "Let us all learn from that serious mistake."

German Protesters Arrested

West German police said Tuesday that they had arrested 18 demonstrators, including Petra Kelly, a leader of the Greens party, who tried to blockade a U.S. nuclear base at Mutlangen to mark the anniversary of the bombing, Reuters reported.

A spokesman for the protesters said that about 100 persons had gathered outside the main entrance of the Mutlangen base, where Pershing-2 nuclear missiles are deployed.

## Cabinet Post for Human Rights Critic Seen as Move to Build Uganda's Image

By Sheila Rule

New York Times Service

KAMPALA, Uganda — The appointment of Paul Ssemogerere as minister of internal affairs has been viewed by some commentators here as an attempt by the new government to improve Uganda's human rights record.

An outspoken critic of human rights abuses under President Milton Obote, Mr. Ssemogerere was one of two members of the main opposition party to be named to cabinet posts Monday by the military government that removed Mr. Obote on July 27.

The military council also appointed Gard Wilson Toko as defense minister. Mr. Toko, a retired air force colonel, is general manager of Uganda Air Lines.

His appointment was a surprise to some, who expected the post to be offered to Yoweri Museveni, a rebel leader whom the council has been urging to join the new government.

The two appointments were announced after the military council met with leaders of the country's fractious political parties, whom the leader of the military coup, Brigadier Basilio Olara Okello, urged to practice clean politics and not the politics of tribalism and killing.

Mr. Obote's rule was marked by detentions of political opponents without official charges or trial, and the reported murders of tens of thousands by the army.

Mr. Ssemogerere, head of the Democratic Party, blamed the military that he now is to oversee for much of the situation. There were unconfirmed reports that he might release political prisoners, some of



Paul Ssemogerere

whom are top members of his party.

Several persons knowledgeable about Ugandan politics said it appeared that the military rulers, most of whom are members of the Acholi tribe that dominates the army, were so far trying to carry out their promise to form a broad-based government. Mr. Ssemogerere and Mr. Toko are from different tribes.

Soon after the coup, the council leaders appointed Paulo Mwangi, vice president and defense minister, to replace Mr. Obote, as executive prime minister. He is a member of the Baganda tribe, the largest in the country and one that has given strong support to the Democratic Party and Mr. Museveni's insurgents.

However, highly placed diplomatic sources in Kampala say there have been two attempts to kill Mr. Mwangi at his home since his appointment. If true, this underscores the fragile situation.

The new leaders plan to meet Mr. Museveni on Aug. 12 in Bungoma, Kenya, near the Ugandan border. Mr. Museveni, who led a four-year bush war against the Obote regime and whose support for the new government is viewed as crucial, has been living in Sweden but was last reported to be in Tanzania.

Entebbe Airport, which serves Kampala, reopened Monday for the first time since army units overthrew the Obote government.

The former president's home is in shambles. According to the soldiers who allowed visitors into the home on Monday, as well as other sources, Mr. Obote escaped minutes after the fall of the Uganda radio station. He left a force of security guards, they said, many of whom were killed in later fighting.

Brigadier Okello has maintained that his military forces killed no one during the coup.

The sources said that some of Mr. Obote's guards who escaped came back later and rounded up about 12 people with Acholi tribal names and murdered them in a tin shack within the presidential compound.

Rebel Leader Gives Terms

Mr. Museveni said Tuesday he would only cooperate with the country's new leaders if given a half representation within the ruling military council, Reuters reported from London.

He told the British Broadcasting Corp. in a telephone interview that he was willing to meet with Uganda's interim head of state, Lieutenant General Tito Okello, at a neutral site. General Okello is not related to Brigadier Okello, the coup's leader.

## BBC Upholds Ban on Ulster Program

Reuters

LONDON — The governors of the British Broadcasting Corp. upheld a decision Tuesday not to screen a documentary on Northern Ireland that has provoked a furor over media freedom and government interference.

The decision meant that a 24-hour nationwide radio and television news blackout, called by journalists protesting alleged government interference, would go ahead at midnight Tuesday.

The BBC governors last week acceded to a formal request from the Conservative government to cancel the program, which includes an interview with an alleged leader of the outlawed Irish Republican Army.

After an emergency meeting Tuesday, the BBC governors issued a statement saying that the program had been withdrawn because it was "flawed in its present form."

They denied charges that they had bowed to government pressure.

The intervention by Prime Minister Margaret Thatcher, who has declared her intention to deny "terrorists the oxygen of publicity," brought accusations of political censorship.

Tuesday's governors' meeting took place after reports that several senior BBC executives were planning to resign if the program was not aired.

The state-chartered corporation's domestic services are funded by a license fee fixed and collected by the government. Its external ser-

VICES are funded by the Foreign Office.

The program, "At the Edge of the Union," contrasted the lives and views of two Northern Irish leaders at opposite ends of the political and religious divide.

The two men featured were Gregory Campbell, a Protestant who supports continued British rule over the province, and Martin McGuinness, an elected member of the Northern Ireland Assembly who is said to be chief of staff of the IRA.

On learning of the program's existence, Home Secretary Leon Brittan wrote to BBC governors asking them to withdraw it. Neither Mr. Brittan nor Mrs. Thatcher have seen the program.

## Prospect of Chinese Future Unsettles People in Macao

(Continued from Page 1)

after five minutes, women begin to appear on stage dressed only in boxing gloves.

There is no fixed lease between China and Portugal for Macao such as the one under which the British will govern Hong Kong until 1997. The Portuguese settled Macao peacefully in the mid-16th century and have stayed on, more or less at the sufferance of the Chinese, ever since.

Now that China has signaled that it wants Macao back, there are many who say they believe that the Portuguese flag may come down here well before Britain's Union Jack descends in Hong Kong. In fact, Macao may well be used as a proving ground in which the Communist government will seek to reassure Hong Kong of its ability to run a place that is radically different from the rest of China.

The negotiations over Macao's future are to open next year. China has not yet said when it wants the changeover to take place or whether it will give Macao the same detailed list of guarantees for economic and civil liberties that was given to Hong Kong last year.

Ji Pengfei, head of China's Hong Kong and Macao Affairs Office, told a group of Macao businessmen last month that the Chinese-British pact for Hong Kong "cannot simply be copied" for Macao.

But Macao officials say they believe that the colony of 400,000 residents needs many of the same economic assurances given to Hong Kong.

"It's not a question of just keeping the casinos, but of keeping everything else that comes with the casinos, a different way of life," said Rufino Ramos, deputy director of Macao's Department of Tourism.

It is impossible to overstate the importance of gambling to Macao. It is so imbedded in the colony's folkways that the Portuguese governor ushers in each Chinese New Year with a visit to the casinos. The revenues from gambling alone make up 30 percent of the Macao government's budget of \$100 million a year.

Across the border, the Chinese government has been trying its best



for 36 years to eradicate the millennia-old Chinese passion for gambling. In June, when investors in China's special economic zone of Shenzhen opened a casino, the Chinese authorities closed it in less than two weeks.

Li Han, another official of China's Hong Kong and Macao Affairs Office, told Macao journalists last month that the colony will be able to keep its gambling casinos, dog tracks and jai alai after the Portuguese leave.

But the uncertainty lingers. For the Portuguese, the prospect of losing Macao is not a happy one. No one here believes that Portugal could hold onto Macao in the face of Chinese opposition, but the emotional ties here are strong and the departure will be painful.

"I will feel sad about it," a high-ranking Portuguese official said. "Not because of any imperial nostalgia, but because the Portuguese attitude to Macao has always been different from that towards Mozambique or Angola."

"We have never been here strictly for economic interests. We're the only Western people who have never had a war with China. I hope we can leave with dignity."

Mr. Franchini, 75, said he would

## WORLD BRIEFS

### Arab Summit Beginning in Morocco

CASABLANCA, Morocco (Reuters) — Arab leaders began arriving here Tuesday for the first Arab summit in nearly three years, but many heads of state will be absent.

Iraq, Saudi Arabia, Kuwait and some other Gulf states will not have top-level representation at the summit, which is to begin Wednesday. The meeting is being boycotted by Syria, Algeria, South Yemen and Lebanon.

Arab diplomatic sources said that the Gulf war, the possible return of Egypt to the 21-member Arab League and the Jordanian-Palestinian accord signed in Amman, Jordan, in February would be discussed. But they said that no breakthroughs were likely, particularly without top-level Saudi representation.

### French Rail Official Charged in Crash

CAHORS, France (AP) — The stationmaster responsible for assuring that the track was clear has been charged with "negligent manslaughter and injuries" after the collision Sunday of two trains, prosecutors here said Tuesday. Thirty-five people were killed and 165 injured.

Yves Salens, 37, was in charge of the small station at Assier on the Rodez-Brive line from which a local train set out on its collision course with an express from Paris. The trains collided near the Flaujac station, 95 miles (153 kilometers) southeast of Bordeaux.

Operations on the single-track line are controlled by telephone calls between neighboring stationmasters who check that the track is clear before allowing trains to depart. It was not yet certain how the accident occurred, but a report by the state-run national railway was delivered Monday night to Paul Quilès, the minister of transport.

### Journal Ex-Reporter Gets Jail Term

NEW YORK (AP) — R. Foster Winans, a former reporter for The Wall Street Journal, was sentenced Tuesday to 18 months in prison, five years of probation and a \$5,000 fine for using his position at the paper to make quick profits in the stock market.

U.S. District Judge Charles E. Stewart Jr., who ruled in June after a no-jury trial that Mr. Winans was guilty of conspiracy, securities fraud and wire and mail fraud, could have sentenced Mr. Winans to as much as five years in prison. The judge allowed him to remain free on bail pending an appeal.

Judge Stewart was to sentence Mr. Winans's roommate, David Carpenter, later Tuesday for playing a lesser role in the scheme. Another defendant, Kenneth P. Feis, a former stockbroker, is to be sentenced Wednesday for his conviction on the same charges as Mr. Winans.

### Beatification Asked for Pope Paul VI

VATICAN CITY (AP) — A cardinal proposed Tuesday that Vatican officials study the "heroic virtues" of Pope Paul VI and consider making him a saint.

The proposal came during the celebration of a Mass by Cardinal Sebastiano Baggio marking the seventh anniversary of the pope's death.

A decision to begin the lengthy process of beatification for Paul VI, who was pontiff from 1963 until 1978, would have to be made by Pope John Paul II.

### For the Record

The fifth congress of the Burma Socialist Party has announced the re-election of General Ne Win as chairman of the Central Committee. Selection of a vice chairman was expected Wednesday. (AP)

Kim Young Sam, the South Korean dissident, has announced plans to visit the United States in September and make speeches at four universities — Harvard, the University of California at Berkeley, Chicago and Emory. (AP)

Thomas R. Pickering formally took up his post Tuesday as the U.S. ambassador to Israel, replacing Samuel W. Lewis, who served for eight years. (Reuters)

The U.S. space shuttle Challenger returned to Earth on Tuesday, landing at Edwards Air Force Base in California after an eight-day mission. (AP)

The trial of Richard W. Miller, the only agent of the Federal Bureau of Investigation ever charged with espionage, began Tuesday in federal court in Los Angeles to decide whether he had conspired to pass secret documents to the Soviet Union. (UPI)

A military judge in Santiago ruled Monday that 14 Chilean policemen involved in a terror squad responsible for kidnapping and assassinating three leftist leaders must be tried in civil courts. (UPI)

The deputy head of Palermo's mobile police squad, Antonio Cassara, who led a recent roundup of suspected Mafia members in Sicily, was shot dead by gunmen outside his home Tuesday, police said. (Reuters)

The separatist Basque guerrilla organization ETA claimed responsibility Tuesday for killing two policemen last weekend. The claim was made in a statement to Basque newspapers in Bilbao, Spain. (Reuters)

### Correction

Because of an editing error, an item in Tuesday's People column implied that Stephen Joyce, grandson of James Joyce, said that a museum near Dublin had owned two death masks of the writer and had sold one. The unsold mask belongs to a Zurich collector, Mr. Joyce said.

## Latin American Countries Pressured on Debt Burden

(Continued from Page 1)

more about seeking structural changes in the way that the debt is handled, primarily because debt-service payments are siphoning off so much money that domestic economic growth is sharply reduced, according to Latin and U.S. sources.

"The mainstream of opinion in Latin America is very reasonable and very conservative," the UN official said. "It recognizes that the debts should continue to be considered on a case-by-case basis, but it also is definitely saying that relief is needed."

The problem of continuing economic stagnation is behind much of the discontent. Economic growth in Latin America and the Caribbean is likely to slow this year from the already low rate of 2.4 percent in 1984, according to the Center for Latin American Monetary Studies in Mexico City.

"There is a slowdown or a recession in almost all of the countries of Latin America," said a senior economist at the center, which is a research organization set up by the region's central banks. The region's

economies shrank 1.1 percent in 1982 and 3.1 percent in 1983.

Mexico and Argentina have had to apply austerity programs this year in the fourth year of the debt crisis. Brazil, described as being the only Latin American country that has succeeded in expanding its exports, has performed better than the other major debtors.

The regional recession and subsequent slow growth were the result largely of restrictive economic policies adopted under plans drawn up with the International Monetary Fund to curtail inflationary spending.

In exchange for the austerity measures, the governments were able to reschedule or postpone paying the bulk of the principal on their debts. The banks agreed to wait for their principal to be sure of receiving the interest.

This arrangement has succeeded in buying time for all parties. The region's debt problem has not led to a major financial collapse of a Latin government, or of a major lender bank.

But meeting the interest payments alone has been a major drain on the nations' economies. Last year the region paid the banks \$38.5 billion in interest and \$12.9 billion in principle, according to the Center for Latin American Monetary Studies.

To obtain more funds to finance domestic growth, the Latin governments now would like to be relieved somehow of paying a part of their interest payments.

One proposal is to convert a part of the interest payments to principal, meaning that the banks would grant new loans to the countries to cover some of the interest. Another possibility would be to have the IMF or World Bank set up a "discount window" to pay a part of the countries' interest.

Finally, the countries might follow Peru and seek to limit their debt payments to a percentage of their export earnings. They would be likely to agree to pay a higher percentage than Peru's 18 percent, however. Most proposals in the past have been in the range of 20 to 25 percent.



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## AMERICAN TOPICS



**FLYING BLIND**—Karen Prendergast, 36, of Duxbury, Massachusetts, who has been blind for nearly a decade, flew a single-engine plane Saturday, Sunday and Monday accompanied by her flight instructor, Miss Prendergast, who flew the plane from takeoff to landing on Monday's flight, said she felt "just like any other pilot."

### The Washington Man: Sweet and Sour

Writing in the current issue of *Q*, a slick men's fashion magazine, Karen Heller, a Washington writer, says the best thing that can be said about the typical Washington male is that he is dull and obsessed with work.

However, she adds: "The Washington man has discovered feminism. This means he chooses the restaurant, dominates the conversation, and also 'ridicules your job' and 'stares at other women' but 'allows you the privilege of picking up half the check.'"

### Short Takes

The psychiatrist who treated John Hinckley Jr. before he shot President Reagan, John Hopper Jr., says he probably looks "deeper and harder" at his patients now. The *Evening Star*, Colorado, psychiatrist treated Mr. Hinckley for about five months before the March 30, 1981, assassination attempt. Three other men injured in the shooting filed a negligence lawsuit for \$14 million but the courts dismissed the suit. "I'm probably more careful," Mr. Hopper said. "That's not to say that I was cavalier or superficial before. But I think once you fall into a hole, you look for holes."

### A Liberal Knocks And Praises Reagan

Welfare isn't just for poor people, says Sir A. Levitt, professor of economics at George Washington University and author of more than 30 books, most recently "Beyond the Safety Net: Reviving the Promise of Opportunity in America." Some elements of welfare, Social Security, Medicare and unemployment compensation, for example, also protect old people and workers from poverty, he said.

Shorter Takes: American black men are six times more likely than white men to serve time in a state prison, the U.S. Justice Department says, and 14 times more likely than females to be imprisoned. No figures were available to compare imprisonment rates for black and white females. ... The United States had 176 cities with 100,000 or more people as of July 1, 1984, according to the U.S. Census Bureau, the same figure as for 1982, although three cities dropped off the list and three cities made it for the first time. ... Since Washington is the national capital, it perhaps is only to be expected that the District of Columbia telephone directory has more than six pages of listings that begin with "national." Manhattan, with many more commercial firms, has only four such pages.

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# Gauging the Psychological Fallout of Hiroshima

By Walter Goodman  
New York Times Service

**NEW YORK** — Scarcely had the atomic bomb been dropped on Hiroshima than Americans began to ponder its lasting effects: Would the event sear the national psyche and significantly change their lives? The issue remains as unsettled.

## NEWS ANALYSIS

And unsettling, today as the issue of whether the bomb should have been dropped 40 years ago. A prominent exponent of the view that the atomic bomb has transformed American life is Robert J. Lifton, a professor of psychiatry and psychology at John Jay College of the City University of New York, who has made studies of the survivors of Hiroshima.

Mr. Lifton contends that the bomb has undermined man's sense of immortality, as expressed in the family, work and faith. He discerns the influence of this "sense of radical futurelessness" in such things as increased divorce, "significant impairment of the parent-child bond," and the recent growth of religious fundamentalism. A critic of the Reagan administration's arms policies, he bails the "worldwide struggle to get rid of the weapon," and has been criticized for what a fellow psychiatrist, Dr. Seymour C. Post, of Columbia University's College of Physicians and Surgeons, calls "his politically motivated activism."

The views of Dr. Lifton and others who believe that the bomb has had profound effects on American life appear frequently in *The Bulletin of Atomic Scientists*, an influential magazine established almost 40 years ago by scientists who worked on the bomb.

Dr. John Edward Mack, a professor of psychiatry at the Harvard Medical School, surveyed children in Boston, Los Angeles and Baltimore between 1978 and 1980 and reported that they are "aware of the threat of nuclear war and live in fear of it."

Such concerns for the nation's children go back to the 1950s, when classroom air-raid drills sent youngsters crawling under their desks for shelter, some reportedly had nightmares about the bomb.

Dr. Mack says that "the imminent threat of nuclear annihilation has penetrated deeply into their consciousness," leading to "cynicism, sadness, bitterness and a sense of helplessness."

Dr. Mack is also a critic of the arms race. He has written, "There can be no differences between the United States and the Soviet Union which warrant the level of risk of nuclear annihilation we are now creating for each other and for the rest of humanity."

His surveys have been criticized for attempting to obtain desired

## Poll Shows Animosity Fading in U.S., Japan

New York Times Service

**HIROSHIMA**, Japan — Forty years after World War II, large majorities of both Americans and Japanese regard their countries as friends, with old hostilities apparently receding into the background, according to a poll by The New York Times, CBS News and the Tokyo Broadcasting System.

But the poll found that war memories can still stir emotions on both sides, with 44 percent of Japanese saying they held the U.S. atomic bombings of Hiroshima and Nagasaki against the United States and 27 percent of Americans saying they held the attack on Pearl Harbor against Japan.

Current trade frictions have not altered their basic attitudes, most people in both countries said. But the corrosive potential of the trade issue was

evident. Those who reported that trade had changed their opinions were three times more likely to say that they now felt less friendly about the other country.

In the survey of 1,569 adult Americans, 88 percent viewed relations with Japan as friendly, with 23 percent describing them as very friendly, a position that was more marked among wealthier people and those claiming to be knowledgeable about Japan. Only 7 percent said relations were unfriendly.

Of 1,428 Japanese adults surveyed, 73 percent described two-way government ties as amicable. They were not asked for their personal attitudes. Only 5 percent called relations very friendly.

In both countries, the margin of sampling error is plus or minus three percentage points.

Earth," published in 1982, and Freeman Dyson's more recent "Weapons and Hope," to deal most directly with the world after a nuclear holocaust.

An enormous audience was reached in 1983 by the U.S. television production, "The Day After," a simulation of the effects of a nuclear strike on the Middle West. Public opinion surveys do not reveal any large-scale change in what worries people. A poll taken this year by the Atlantic Institute for International Affairs and The International Herald Tribune

found that the main concerns in industrial democracies were unemployment and crime, and that the threat of war and social injustice were subsidiary preoccupations.

But such responses may be written off by psychiatrists as examples of what Mr. Lifton calls "psychic numbing," a defense against matters too frightening to acknowledge.

Nearly half of the people questioned in a Gallup poll at the end of 1983 felt that the Reagan administration's defense policies had brought the United States closer to war, as compared with slightly more than a quarter who believed the nation was closer to peace.

Along with this, however, according to a recent Harris survey, goes the belief that "the situation where the U.S. and the Soviet Union both know that any use of nuclear weapons will result in instant retaliation has helped to keep the peace of the world."

While the polls have for some time indicated overwhelming support for a mutual verifiable nuclear freeze, they have recently suggested that many Americans feel more threatened by the United States' falling behind in nuclear weapons than by a continuation of the arms buildup.

So there are a lot of Americans who believe that deterrence has worked, yet would like to see a world free of the bomb.

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## Court in U.S. Reveals Statements in Navy Spy Case

Arthur Walker Said He Was Recruited by Brother While in Money Trouble

By Stephen Engelberg  
New York Times Service

**NORFOLK, Virginia** — Arthur J. Walker has told federal investigators that he was recruited as a spy by his younger brother in 1980, while dependent over the failure of a car radio business, according to statements released here.

The statements were made public Monday by order of a judge as Mr. Walker went on trial on charges of espionage.

They were part of legal papers filed by the prosecution, which plans to use them as evidence. Mr. Walker has pleaded not guilty to seven counts of espionage.

The statements by Arthur Walker offer the fullest picture so far of the methods he says were used by his brother, John A. Walker Jr., to enlist family members and friends in what officials have called the most extensive Soviet spy ring uncovered in the United States in 30 years.

Arthur Walker says his brother kept maps hidden in a wall in his home to guide him to clandestine meetings with Soviet operatives.

He told investigators that his younger brother began his activity as a spy by driving to the Soviet Embassy in Washington and parking out front for several days to attract attention so the embassy would contact him. It did.

In statements to the Federal Bureau of Investigation, Arthur Walker said that John Walker had once used his mother as a courier of payments made in Europe by Soviet agents. John, he said, "strapped a money belt on her," when they were returning from a trip to Europe.

Arthur told the authorities that John approached him to spy for the Soviet Union in 1980, when he was deeply in debt, "down in the dumps" and about to cry over the failure of a car radio business. The two brothers talked over the situation and John Walker said: "I have friends who will pay for classified information."

Arthur Walker, saying he had suspected since 1975 that his brother had an illicit source of income, said he understood instantly. He replied: "Now I know where you get your bucks."



Arthur J. Walker

Investigation that he had any involvement in spying. But in subsequent interviews, he offered an increasingly detailed picture of becoming involved after 20 years of navy duty.

Awaiting trial on similar charges are John Walker, his son, Michael, and a friend, Jerry A. Whitworth.

Judge J. Colville Clarke Jr. is conducting the trial without a jury.

Barbara Walker, John Walker's former wife, contacted the FBI last year. She has said that John's spying began in 1967 or 1968 in an attempt to shore up the couple's financially ailing bar.

At the time, John Walker was on active duty as an enlisted man, serving as a communications specialist aboard the nuclear submarine *Simon Bolivar*, according to navy records.

John Walker was so desperate for money, according to Arthur, that he told his wife "she could sleep with people in order to raise money to pay for the bar."

Arthur Walker also provided new details about the type of information his brother sought. At the top of the list, he said in the documents, were cryptographic keys.

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that Mr. Whitworth, while in the navy, passed on keys that could be used to decipher the most sensitive communications.

John had several specific questions for his brother, who worked as an engineer handling relatively low-level documents at a military contractor in Chesapeake, Virginia.

At one point he asked whether Arthur could find out anything about changes in "Defcon," the top secret military posture, which is changed by the Pentagon according to world events. Could Arthur find out, he asked, whether an unusual amount of ammunition was being ordered? Arthur said he did not have access to such information.

Arthur has been charged with providing two sets of documents to his brother. The authorities charge that John Walker photographed them and passed them to Soviet agents. The defense says the government cannot prove the data reached the Soviet Union.

One set involved reports of damage from 1976 to 1980 aboard a class of amphibious ships used by the U.S. Marine Corps. The other contained plans for a communications ship.

Arthur told the FBI that neither of these had apparently impressed the Soviet Union much. Arthur said he had been told by his brother that the material he had provided was not worth the risk.

Later, Arthur said he could find out a year in advance when ships might come in for overhauling. He scoffed at the idea that anyone would pay for such information. John encouraged him, saying, "They might."

John, he said, wanted information only on new equipment. "Art," his brother quoted him as saying, "I bring something to them. I may be the 80th guy with the same damned thing."

In one conversation, Arthur asked his brother how he delivered film of secret documents. John removed a cover from an electricity wall outlet in his house, the document continued, and "took out a map of Vienna, Austria." Arthur said it was a street map with "an ink line or arrow" drawn on it, the brother said.

John explained, his brother told the FBI, that "all he had to do was memorize the map for where he had to go."

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# Herald Tribune

Published With The New York Times and The Washington Post

## Gold Can't Save Apartheid

More swiftly than anyone foresaw, South Africa's choices are being narrowed. The country's white rulers seem incapable even of a gesture of conciliation to nonviolent blacks such as Bishop Desmond Tutu, and this has the effect of encouraging civil, if not revolutionary, disobedience. Though isolated as never before and the target of multiplying sanctions, South Africa's leaders no doubt have the power to put down this summer's defiance. But they seem to be condemning their country to a cycle of repression and recession.

To a degree, South Africa's economy is sanction-proof. Its resources and economic reserves are sufficient to weather most short-term calamities, even the strike now threatened by the union of black mine workers. Most whites live comfortably by Western standards, luxuriously by Africa's; a bottle of scotch is still \$6. South Africa is well prepared for foreign restitution; it can get by with its own energy and weapons.

Yet the future must look bleak in Pretoria these days. President Pieter W. Botha's two-week-old state of emergency for many black areas has failed to restore order. And in the unsentimental verdict of money men, the country's future is uncertain. In a fortnight, the value of South African gold stocks has plunged by one-fifth. This follows a two-year worldwide decline, from \$460 to about \$325 an ounce, in a commodity that provides half the country's foreign exchange.

The emergency has dramatized a parallel decline in the dollar value of South Africa's currency. One day last week, on the mere report that a major American bank would no

longer lend to South Africans, the rand dipped by 6 cents, or 12 percent. The bank turned out to be Chase Manhattan, and its largely symbolic action is sure to be followed by others.

Often enough, Pretoria has been able to shrug off market fluctuations, diplomatic ostracism and domestic turmoil. Its hard-boiled calculation has been that the world's desire for gold would always outweigh scruple and leave its corner of Africa safe for apartheid. But the application of sanctions abroad and the agitation of black unions at home suggest that the regime cannot count indefinitely on buying its way out of trouble.

Underlying that message is certainly the intent of the U.S. Congress, which seems likely to vote for at least mild sanctions this fall. Even President Reagan, who has wanted to appear as Pretoria's friend, has hinted that he may sign such a measure. Though the president perceives more positive reform in South Africa than do most observers, he sees the need for "fluctuations" of tone, as he put it Monday, in pressing for an end to apartheid.

Incredibly, in these circumstances, Mr. Botha is trapped by his own propaganda and unable to justify political negotiation with blacks to his more extreme white followers. Looking back upon this summer, the Afrikaners may one day wish they could recapture the moment when blacks still stood ready to engage them in nonviolent bargaining.

—THE NEW YORK TIMES

## Give Hiroshima Meaning

Stand by for more anniversary journalism. Tuesday marked 40 years since the atomic bomb was exploded over Hiroshima, and the anniversary compelled an explosion of commentary; the Nagasaki anniversary is Friday. Do not misunderstand us. It is not the commemoration to which we object, but rather the flimsy, artificial quality of it. This year has been one public-issue anniversary after another. All feel duty-bound to acknowledge these remembrances. But does the sudden festival of commentary do justice to the size of the event? Does it show that we have been usefully instructed and chastened by that event, or merely that we have learned how to talk about it?

There is a sense in which one could say the whole world has been properly instructed and chastened. Those countries that have nuclear weapons or have the capacity for quickly assembling and using them have, for the most part, proceeded warily in areas where conflict might quickly engender nuclear weapons. No nuclear war has been used, except in tests, since World War II. One theme of this anniversary has been that governments and peoples around the world are not sufficiently concerned about these weapons. But this, seems to us to be false. Concern—enough—is all but universal, extending, though some self-righteous critics find it impossible to believe, to the very governing circles that are responsible for these weapons. From the day the first bomb was used, people have understood what was unleashed, the magnitude of it and the consequent reason for fear.

What has been missing has not been concern. What has been missing has been resolve, concentration, ingenuity and restraint. This is what makes these birthday bursts of attention so troubling. They are by their nature fleeting,

that's-enough-now-let's-forget-it sort of thing, and that has been the pattern in public thinking about nuclear weapons issues almost since the beginning. The concern is constant; the interest in what to do about it is not.

Thousands of these weapons of devastation have been deployed, principally by the Soviet Union and the United States. The time it would take them to reach their intercontinental destinations is calculated in minutes, not hours. The command and control structures governing their use are necessarily elaborate, and in many respects outmoded and frail. All this is in the background of a ferocious and legitimate political conflict between the United States and the Soviet Union, and it is in the wings where other mutually hostile countries are concerned as they pursue their efforts to get the bomb. Is concern, as distinct from an abiding, unflagging interest, really enough?

Nuclear issues come and go. When they are in fashion one tends to get largely wishful proposals that concentrate on what the United States should stop doing and that ignore what goes on in the Soviet Union and the fact that the two have a certain relationship. Both when they are in fashion and when they are out, another school, cheered on by the defense contractors and the more mindless among the military and civilian authorities, persist in their nuclear piling-on. The pursuit of ever more and fancier nuclear weapons whose mission they have scarcely thought through. The Russians have tremendous blame in all this. But so have those Americans who have refused to get serious—except about fighting with one another—as the world marched on to its present nuclear pass. Maybe we will do something about it in the 41st year after Hiroshima.

—THE WASHINGTON POST

## Other Opinion

### The Two Edges of Progress

Prayers for peace are being heard on the 40th anniversary of the atomic bombings of Hiroshima and Nagasaki, but mankind must heed too the dangers of science that created the nuclear age.

There is a dark side to science and technology. Science has opened the way to the manipulation of life itself and if this knowledge is abused the nature of life may be threatened. Progress in information technology makes information available to so many (that it) raises the problem of violating human rights. Progress in urbanization has separated man from nature, and no one is sure how that will affect man's health. Man is interfering in the workings of nature, replacing forests with deserts.

How horrible the consequences if man seeks only material accomplishments not accompanied by spiritual and moral values! The horror of the atomic bombings is a case in point.

—The Daily Yomiuri (Tokyo).

### Sanctions Aren't the Answer

I think that the South African regime needs to have a country as powerful as the United States breathing, literally, down its neck. I don't think that you are going to change it by remote control, and I think that if you are going to remove this only leverage which you have in the United States of having your corporations operating in South Africa, then you remove the only leverage which you can apply as far as economic justice for my people is concerned. Because after all it said and done, I believe, myself, that the interdependence of black and white in that country is the thing that will make the cookie to crumble in that country. So I believe therefore... the more the economy is dependent on black people... the better position black people would find themselves to flex their muscles and force whites to come to the conference table.

—The Zulu chief Gashu Buthelezi, speaking on NBC-TV's "Meet the Press."

## Demystifying Islamic Fundamentalism

By Augustus R. Norton

WEST POINT, New York — In the aftermath of the Beirut hostage crisis, many in Washington are searching frantically for a U.S. policy toward Islamic fundamentalism. This is a foolish search for a policy that is not needed.

Spurred by the need to render complex events comprehensible, many scholars and policy-makers have grossly simplified Islamic fundamentalism. Relying on demonology rather than analysis, such people frequently assume that the fundamentalists' raison d'être is fighting the United States. At best, the Islamic movement is approached as yet another mysterious product of the inscrutable East. Neither approach will help in understanding or dealing with fundamentalism. The fact is that it is a rather familiar kind of political phenomenon, far less difficult to grasp than is sometimes assumed.

Although fundamentalism is widely varied, many of the Islamic movements share common traits. The most important of these is a deeply felt sense of disfranchisement.

Few Middle Eastern states offer their citizens an effective voice in government. Political participation—in the form of plebiscites or elections—is often more show than substance, and political representation is generally rigged to benefit the representatives rather than the represented. So Islamic movements offer a crucial channel for participation. In states where the secret-police budget often rivals the public-health budget, the

mosque is often the only place where one can meet without unwanted observers.

Islam has not been rediscovered; it was never "lost." It has, however, been reappropriated for a new purpose. For many Moslems, it has a renewed appeal as a familiar and culturally authentic idiom of protest and political action. And unlike communism, liberalism and socialism, Islam is untainted by recent failure or by association with the West. Islamic politics are just that—politics. And like any political stirring, Islam is subject to exploitation and manipulation, in this case by clerics and former army officers.

What this means is that many of the Islamic movements can be surprisingly pragmatic in their political maneuverings. In Egypt, for example, in the general elections in May 1984, the Islamic Brotherhood joined in an electoral coalition with the New Wafd Party, the political descendant of a traditional bitter rival. The opponents of President Hafez al-Assad of Syria also clothe themselves in Islamic rhetoric, but when we peel away the spiritual language, we discover an essentially political complaint—that the Sunni Moslems of Syria, the majority of the population, do not wield the political power warranted by their numbers.

There is no denying that the Islamic move-

ments include permanent enemies of the United States—enemies whose demands cannot be met, and whose enmity will not be mitigated whatever America does or fails to do. Such organizations need an enemy in order to mobilize support. It is easier to blame America than to take responsibility oneself. The Hezbollah organization of Lebanon, for instance, asserts: "America is behind all our catastrophes." With such vitriolously anti-American groups, there is little room or reason for dialogue. But not all fundamentalists are anti-American or pro-terrorist.

To be sure, many Moslems, fundamentalist or not, object to some aspects of U.S. policy in the Middle East. But objecting to policy and agitating violently against it are very different things, and the small cells of fanatical terrorists who have forced their way to our attention in recent years are hardly representative.

Fundamentalism is not a monolithic body of fanatical extremists whose idea of a good time is killing Americans and humiliating the U.S. government. The notion that such behavior is somehow typical is a bigoted idea that can only obstruct efforts to come to terms with an important new political movement.

The writer, an associate professor of comparative politics at the U.S. Military Academy, is a contributing author of "The Emergence of a New Lebanon." This first appeared in The New York Times.

## Apartheid: U.S. Draws A Fine Line

By Flora Lewis

PARIS — Whatever America's moral involvement in South Africa, the Reagan administration's declared policy of "constructive engagement" amounts to political involvement beyond previous commitments by the United States.

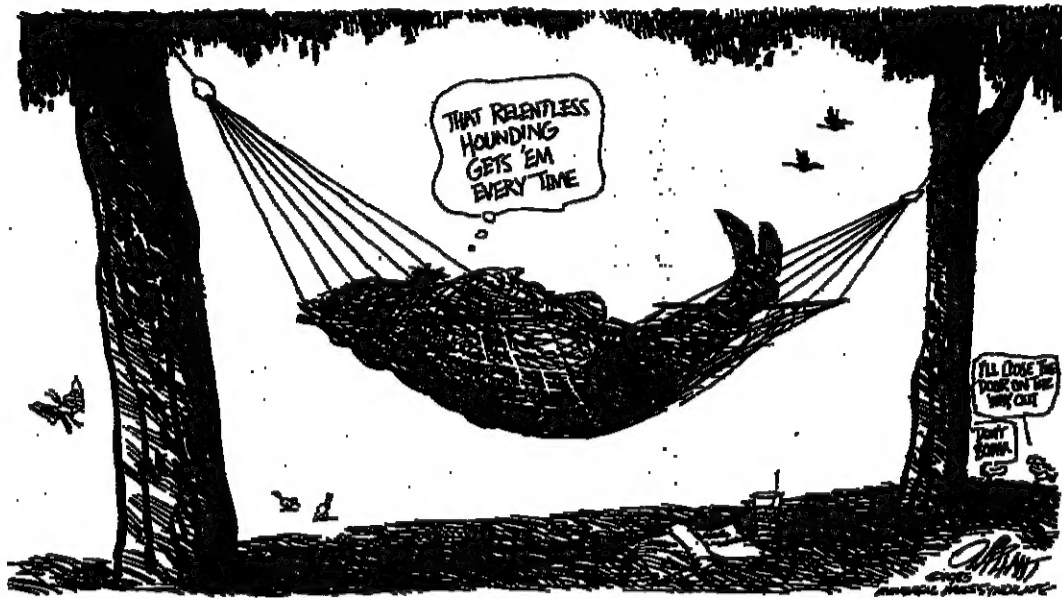
The rationale is that gentle persuasion can be the most effective way for the United States to push the South African regime away from apartheid. There is something to the argument that sanctions would hurt South African blacks and surrounding states more than they would hurt the whites, and that they would serve to stiffen Afrikaner intransigence.

But the situation is getting worse, not better. And the official American attitude is an increasingly important factor. Therefore, hard as it is to agree on specific measures that have a chance of producing even marginal results, Washington needs to provide a coherent strategy.

There has been no shortage of clear, sharp denunciations of apartheid from Washington. No responsible administration figure has apologized for the racist system that denies all political and most civil rights to a majority of its population.

The chasm opens with the next, inevitable question. Why protest Pretoria? It was put quite directly to Michael Armacost, the undersecretary of state for political affairs, by Australian reporters in a recent U.S.-sponsored interview by satellite.

"Nicaragua is a country whose government you do not like and which you accuse of trying to export revolution," they said to Mr. Armacost. "South Africa is a country whose system of government, and notably apartheid, you don't like, and



Hounded relentlessly on apartheid by the Reagan administration, South Africa has withdrawn its U.S. ambassador for consultations.

you also deplore its exporting of its troops across its border, not to mention its illegal occupation of Namibia. In one case you have imposed sanctions, in the other you are speaking of constructive engagement. Why the double standard?

Mr. Armacost ducked, mumbling about U.S. interest in negotiations with both countries. Besides, he said, Nicaragua is a small country where sanctions can cause real "dislocation"; they would not make a significant difference to South Africa.

But the State Department knows that it is not just distant allies that are having trouble fitting this lame rationale into the administration's proclaimed "crusade for democracy."

It is also a problem for Radio Free Europe, the congressionally funded station that broadcasts American views to Eastern Europe. Broadcasters at Radio Free Europe have received guidance on how to handle the ticklish issue.

An internal memo instructs writers

and speakers mentioning South Africa "to bring out two key points."

The first takes the high road: "Any system founded on inequality before the law and the willful violation of basic human rights is abhorrent to us. This is true regardless of the political coloring of the oppressive regime, and regardless of the criteria upon which the discriminatory practices rest, be they race, religion, class, ethnic origin or whatever."

Such shaky foundations undermine the security of the entire polity, as the South African leadership will sooner or later have to recognize.

That is indeed America's message to Communist-controlled Eastern Europe, presumably to the whole world. But the second point pulls war back. It attempts to make a moral distinction that goes beyond even the realpolitik that inspired the former UN delegate Jean Kirkpatrick to differentiate "authoritarian" friends from "totalitarian" enemies.

It said: "However wicked apart-

heid may be, South Africa, unlike the U.S.S.R., does not constitute a menace to the Free World, and its system does not require aggression against foreign countries to assure its survival. Pretoria has intervened in neighboring states to remove threats to its own borders, but it has not tried to export apartheid."

The note says this explains sanctions against Nicaragua and not South Africa. It adds: "A similar contrast illustrates the reasons behind American policy toward Cuba and Vietnam, on the one hand, and Chile and Paraguay on the other."

This is the answer Mr. Armacost knew better than to give in public. This subject is dragging America into sharing the blame before world opinion for South Africa's behavior. If Washington cannot manage anything more useful, it should at least seek consistency and try to limit the damage that the mounting crisis will do to the nation's standing.

The New York Times

## In a Peaceful America, More Room for Differences

By Michael Barone

This is the second of two articles.

WASHINGTON — If a nation at peace is less tolerant of government intervention than a nation at war, so also is it more tolerant of diversity in its own ranks.

A nation at war is, literally, in uniform. It stresses the things that bind it together. It necessarily celebrates its unity and homogeneity. The America at peace in the 1980s does quite the opposite.

The conformity that so many observers noticed about the United States of the 1950s has not always been a feature of American history, which is full of cantankerousness, eccentricity and variety. It was an artifact of the shared experiences of depression and war, which made Americans want to be alike.

There were still divisions—regional, economic, ethnic and racial—but, as the years went on, those divisions tended to blur. The end of racial segregation made the regions more alike; the decline of discrimination in daily life and the ongoing march of the generations submerged many ethnic and racial differences, and the rising tide of affluence put the very large majority of Americans into an economic class that only a few enjoyed in the Roosevelt years.

Yet at the same time, these increases in affluence and toleration were tending to promote greater cultural variety. Americans could afford to choose their own identity. So increasingly American politics came to be based on cultural variety. Politicians, particularly Democrats who still think their party has a "natural majority," want elections decided on New Deal economic issues and along the old ethnic and regional lines. But for most Americans the unsettled issues of cultural values and ways of life—from school prayer to homosexual rights—are more important and pressing than the mostly settled issues of economic policy and ethnic division.

Those issues do not cut in only one direction. The Democrats expected to be big winners in 1984 off the series of cultural issues they summed up in the phrase "gender gap." Yet it was the Republicans who made large gains among two culturally defined segments of the electorate. Ronald Reagan's strong showing among the young and the technology-friendly gave him an unexpected boost.

America is not the first country to have a gender gap, nor was 1984 the first time a difference between men's and women's voting choices had appeared in the United States. In France and Italy, women have long

voted more conservatively than men; politics revolved around questions of church and state, and women were the ones who went to church.

In the United States, women typically have preferred those candidates whom they considered most adverse to risk and most likely to seek peace.

The odd thing about the gender gap of the early 1980s was that this time women were voting more liberal than men, and that the difference was celebrated most conspicuously by feminists and others who wanted to remake society. But in another sense the impulse was conservative: Many of the women, particularly young women without spouses and in the labor market, who voted against Ronald Reagan did so because he seemed to threaten the things most important to them, from welfare checks to the legitimacy of being a single parent.

All of which is not to say that the gender gap does not exist. But underneath it are other gaps. Married people are now a lot more Republican than unmarried people; divorced people vote differently from the widowed (some when age is controlled for), and so on.

Those who thought the gender gap would swing the 1984 election to the Democrats made their mistake by ignoring the overall context and the possibility of backlash. The kind of feminism associated with gender-gap enthusiasts did in fact create its own backlash, skillfully exploited by the Reagan strategists who targeted certain types of women as well as men who were turned off by it.

To the extent that gender-gap enthusiasts were protesting things as they were, they had to fight the strong optimistic trend of opinion that was the decisive undercurrent in 1984.

Working in tandem with the surge of optimism, in contrast, were two manipulated cultural trends that boosted Ronald Reagan. The first was the strong Republican trend among voters under 30.

The Democrats, who supposed that voters under 30 in the early 1980s would act like voters under 30 did in the late 1960s, were caught utterly by surprise.

The natural rebelliousness of this generation of youth seems to have been directed, not at the institutions that many Americans have been corrosively criticizing for the last decade, but at the habit of corrosive criticism itself. They looked around

at a country that many Democrats and news commentators and groupies had been saying was in the terminal stages of decay and saw that it was actually a pretty decent place, a nation of widely shared affluence, tolerance, of achievement.

They gravitated to the one politician who had been delivering this message all along—Ronald Reagan.

Though it was not noticed as much, so did America's technology-minded citizens. From the Silicon Valley in California to Route 128 in Massachusetts, there has been since the 1970s a noticeable movement away from the Democrats and toward Reagan Republicans.

The environmental and cultural issues that once mobilized such voters now seem, to many, to be settled. The economic policies—especially lower taxes—of Reagan Republicans seem unmistakably to have stimulated a round of technological innovation and economic growth.

The Democrats tend to see technology as a threat, as a threat. But by the middle 1980s, when millions of Americans were buying videocassette recorders and home computers, technology seemed "user-friendly."

### Keeping Oil Cheap

The very title of Robert Rowen's opinion column, "Cheaper Oil Won't Slow Exploration" (July 18), is fallacious, bordering on the ludicrous.

In deciding advice "peddled by oil market experts" he concludes that the oil glut will continue and that prices will continue to decline. He ignores the oil-consuming nations to perpetuate the situation.

Yet oil is a markedly nonrenewable resource. Small additions to reserves normally require large increments in expenditure, technology and the sophisticated level of workers. While some of the present gain results from conservation and diversification of energy sources, an equal or greater portion comes from the exploration and development of formerly inaccessible reservoirs and from the introduction of new technology.

The world oil situation is an unstable process. Statements on the fluctuations of supply and demand must be kept in perspective. Mr. Rowen's exhortation of continued

it was making their lives better. Walter Mondale ran a series of ads criticizing President Reagan's Strategic Defense Initiative, or "star wars," as dangerous. But viewers apparently shared the president's confidence that this new technology could reduce the chances of nuclear war.

After all, no one was voting for war in 1984; Mr. Reagan won because most voters thought he stood for prosperity and for peace, in a nation that they recognized, after years of negativism, as a prosperous and peaceful place.

Whether that prosperity and peace, both external and internal, will be maintained, no one can say. But those who are looking for political upheaval or realignment, for a leftward lurch in response to economic troubles or the emergence of a reliable Republican majority in approval of all of Mr. Reagan's policies, seem likely to be disappointed.

The 1984 elections portray America as a nation at peace—and Americans as a people who, for a time at least, have reached an equilibrium they would like to maintain.

The writer, a member of the editorial page staff of The Washington Post, is the co-author, with Grant Uffner, of "The Almanac of American Politics 1986," from which this is adapted.

## LETTERS TO THE EDITOR

### Keeping Oil Cheap

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U.S. stockpiling in the Strategic Petroleum Reserve fails to mention that it can only hold a three-month supply. By comparison, the exploration and development of a major new reservoir takes 10 to 15 years.

MICHAEL J. ECONOMIDES, London.

### Qualified to Help Pretoria?

Regarding "You Have to Give the South African Whites a Choice" (July 22) by Andrew Young:

Mr. Young likens South Africa now to Iran at the time of Jimmy Carter's election and candidly states: "If we had known three years into the administration Iran was going to explode, we would have forced the shah into a constitutional monarchy. We would have watched out some power-sharing with the mullahs." Since the shah was put into and maintained in power by the United States, American diplomats certainly could have worked out a better solution for Iran—had they known what was going

## How Hanoi Is Using The Missing

By Stanley Karnow

TOKYO — Few issues arouse emotions in the United States as much as the question of the American soldiers missing in action in Vietnam. The subject, in a curious way, is now taking on diplomatic importance.

For years, the Reagan administration has been accusing Vietnam's Communist leaders of failing to cooperate sufficiently in delivering the

Vietnam, fearful of a Sino-Chinese rapprochement, sees the MIA issue as a wedge toward better U.S. ties.

remains of the missing. The complaint has been largely justified.

The Vietnamese seem to have been playing games with the issue, withholding information on dead Americans in exchange for some form of U.S. recognition, which they want to offset their conflict with China.

Vietnamese intransigence served the Reagan administration, since it gave American officials an excuse to reject Vietnam's overtures.

Lately, however, the Vietnamese have been demonstrating an unusual willingness to clear up the question. They have pledged to furnish the United States with a full accounting of those missing in action, the MIA's.

Nyoyan Co. Thach, the shrewd and flexible Vietnamese foreign minister, even stated a few weeks ago that U.S. teams would be welcomed in Vietnam to survey the sites where American aircraft crashed during the war.

What the Vietnamese clearly are trying to do is to get the United States to establish a permanent investigating mission in Hanoi that could, for Vietnamese purposes, be called an informal U.S. diplomatic entity.

The Vietnamese are evidently moving in this direction as they perceive that the new Soviet leadership headed by Mikhail Gorbachev is striving to repair its differences with China. The Russians, meanwhile, have been giving Vietnam a backseat.

For a decade, the Soviet Union has been Vietnam's only supporter in its conflict with China. A rapprochement between the Communist giants would isolate the Vietnamese. This is why they are attempting to improve ties with the United States.

President Reagan cannot easily spurn Vietnam's initiatives without appearing to transgress his repeated promises to obtain all possible information on the fate of the nearly 2,500 Americans missing in Indochina.

So what essentially is a humanitarian issue is giving the Vietnamese the wedge they had sought to create the impression they are normalizing their links with the United States.

It would be premature, of course, to expect a quick improvement in U.S.-Vietnamese relations. Still outstanding is the matter of the Vietnamese occupation of Cambodia. One of the U.S. conditions for recognition of Vietnam—or even a discussion of the possibility—has been the withdrawal of the Vietnamese forces from Cambodia. In the present climate, though, a deal of some sort cannot be excluded.

The Indonesian foreign minister, Mochtar Kusumaatmaja, has been trying to act in an intermediary role between the United States and Vietnam. He believes that progress on the MIA issue could spur movement on the Cambodian question.

But his views are not entirely shared by the other nations of Southeast Asia. Thailand, which maintains close connections with China, is skeptical about negotiations with the Vietnamese. The United States cannot approach Vietnam until a measure of unity has been achieved among the Southeast Asian nations toward Vietnam.

The complete story on the missing Americans will not surface swiftly, even if the United States and Vietnam reach an agreement to pursue the subject more vigorously. Locating remains in the dense Vietnamese jungles, years after the war has ended, will not be a picnic.

Despite all this, the Vietnamese are scoring points. They are gaining respectability, which they seem to want more than anything.

The stupendous popularity of the movie "Rambo: First Blood Part II," in which Sylvester Stallone rescues Americans held in Vietnam, is testimony to the passionate interest in the subject. But in the real world, the issue will have to be resolved by patient diplomacy of the kind that, for better or worse, is now under way.

Tribune and Register Syndicate

## FROM OUR AUG. 7 PAGES, 75 AND 50 YEARS AGO

### 1910: A 'Grim Shadow' Across China

PARIS — A pessimistic sketch of the political outlook in China was drawn by Mr. E. Lenox Simpson, the British author. "Japan will link up Northern China with Central Manchuria by railway. This will give Japan a second line into Manchuria. The Russians seem prepared for this, and have abandoned all idea of reasserting themselves in Manchuria. Their policy henceforth [will] concentrate on Mongolia," Mr. Simpson said. "In regard to America," he added, "Chinese feeling is that, however much she may lend her moral support, this will count for nothing unless Washington can agree upon some line of policy in combination with England. If these who pretend to protect her stand idly by, then some other means must be found to dissipate the grim shadow which all Chinese see lying across their land."

### 1935: Roosevelt Wary on Ethiopia

PARIS — President Franklin D. Roosevelt undoubtedly expressed the opinion of 99 percent of Americans when, replying to questions about Ethiopia, he remarked that the United States would seek to keep from becoming involved in foreign incidents which did not directly concern it. While President Woodrow Wilson expressed a similar sentiment at the outbreak of the World War, and for months the United States refrained from becoming involved, it was ultimately drawn into the fray. Fortunately, no immediate parallel exists between the Ethiopian ultimatum to Serbia and the Austro-Hungarian ultimatum to Serbia. But abstention from becoming involved in quarrels is not always easy. In particular it is difficult if the American people insist that Uncle Sam shall be the moral policeman of the world.

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## INSIGHTS

## A Juggler With a Vision, Teddy Kollek Keeps Jerusalem Moving

By Thomas L. Friedman  
New York Times Service

**J**ERUSALEM — The walls of Mayor Teddy Kollek's office are lined with pictures of Jerusalem in its many different historical poses. Ever the tour guide, the mayor loves to take visitors on a spin around his office, dispensing stories about the history of each of his photographs and lithographs.

But there are three in particular that hold his fancy. They hang to the right of his desk, and, in a way, they say everything one needs to know about Teddy.

If these pictures had titles, they might be called "Jerusalem as It Was," "Jerusalem as It Is" and "Jerusalem as It Could Be but Isn't." Jerusalem as It Was is a picture taken in June 1967, just as the walls between the Arab and Jewish sectors tumbled down. Jerusalem as It Is features a colorful panorama of the united city of today. Jerusalem as It Could Be is a picture of Berlin, taken near the wall that slices the German city in half.

By virtue of both its history and its volatile population mix, Jerusalem needs to be Belfast or Beirut — or Berlin with many walls instead of one. Contrary to all the clichés about it, Jerusalem has not been a city of brotherly love and is not one today. The fact that it is not Belfast, Beirut or Berlin, and that it has been, thus far, spared their fate, is due largely to the unique character and leadership of its mayor, the man called by everyone simply "Teddy."

Yehuda Amichai, the modern Hebrew poet, said: "In a time of war, and continuing wars, Teddy has created a coexistence of a real kind. He doesn't brush it over with sappy sentimentalism about how 'the world is one.' He is not sentimental at all. He is a romantic of realism. He believes that you can stick to reality, and not paint things over, and you can fall in love with reality as it is. He has made Jerusalem work, not by making it something different, but by making it work as it is."

If you stand at the Damascus Gate to the Old City of Jerusalem on a Friday afternoon, you'll see going by Jerusalem as it is: a Noah's Ark of hooded Christian monks, turbaned Moslem sheikhs and black-robed Orthodox Jews.

They pass one another on the white stone steps, each one silently contemplating his own grand vision for Jerusalem in which the people walking next to him have no place. The mayor's achievement has been to coax, juggle and force all of these people into living together even though they themselves have not yet found any explanation or justification for their coexistence.

Theodore Kollek is about to complete his 20th year as mayor of Jerusalem, and if he had done nothing but keep the peace among Moslems, Christians and Jews since the city was forcibly united following the 1967 war, it would have been a major achievement. But his accomplishments go beyond that. Jerusalem in the last 20 years has been transformed from a provincial backwater, a dull overgrown village that used to empty out on weekends, into a vibrant center for culture and the arts.

The traditional signs of urban alienation are missing here, when, if one considers the population mix, they should be prevalent. Even for those who hate the political order, Jerusalem has become hard to resist.

**W**ITH only 440,000 inhabitants (316,000 Jews, 110,000 Moslem Arabs and 14,000 Christians), Jerusalem has about 200 parks and gardens, three world-class museums, two orchestras, an international book fair, a music festival and movie festival, a thriving cinema center and Zubin Mehta conducting the Israel Philharmonic. Much of this was inspired by Teddy in one way or another. What should have been Belfast has turned out more like prewar Vienna, the city, incidentally, where the mayor was raised.

But for all its culture and tranquility, Jerusalem also is a worried city. The religious extremists of every stripe are becoming more entrenched in each community, and tensions between the Orthodox and secularists, particularly in the Jewish community, constantly threaten to explode. And while, for now, the Arab-Israeli conflict within Jerusalem is at a low boil, it takes only one incident to remind the city's residents just how fragile the current peace is.

Worst of all, the maestro is getting old. Teddy Kollek is 74, and there is no apparent successor to step up on the podium. Like many historic figures, the mayor has failed to nurture a successor. Although there have been a few unsuccessful candidates, it has been difficult for anyone to grow in his broad shadow or next to his volcanic personality.

What is it about Teddy Kollek's leadership that has made him so successful as mayor of Jerusalem and will make him so hard to replace? Unlike so many of the new generation of Israeli politicians, Teddy is not one to sugarcoat his words just to make them politically palatable. He does not play "kiss the babies."



Mayor Teddy Kollek, now in his 20th year as peacekeeper among Moslems, Christians and Jews, has turned Jerusalem into a vibrant cultural center.

It is not that Teddy is nasty, it is just that he has no time for chitchat unless it will help him improve Jerusalem. He has been known to tell autograph seekers that he will give them his signature if they will give him theirs — on a traveler's check made out to the city.

Teddy treats his constituents with equal doses of reverence and respect. He does not hesitate to stop cars in the middle of the street and bawl out the passengers for throwing garbage out the window. Teddy's home number is listed in the phone book (02-636147), and people call him all the time.

Most mornings, Teddy is in the office by 6:30. He can be toughest on the people who work around him. He does not suffer fools gladly or otherwise, and when he does not get the performance he wants he can bellow with the best of them, although he invariably forgets in five minutes who it was he yelled at.

Because of the long hours he puts in, Teddy is notorious for falling asleep at public functions, and it does not matter if he is sitting next to the Israeli president, under the baton of Zubin Mehta. He even fell asleep during a ceremony at the Hebrew University in 1977 at which an honorary doctorate was presented — to him.

Why do people put up with his behavior? The answer is almost always the same: Because there is nothing vindictive about him or his frequent outbursts. Whether Teddy is in a rage or full of joy it is almost invariably over Jerusalem.

Ruth Cheskin, director of the Jerusalem Foundation, a nonprofit organization founded with Teddy's blessing to sponsor projects around the city, said: "Sometimes I want to throw my desk on him. But no one can stay angry at him for very long. Teddy's greatness is that he is real. He will take risks if he thinks that he is right. He is not worried about what people will say. He is political without being a politician."

Despite Teddy's brusqueness, Arabs and Jews are not afraid to approach him on the street with their problems, which he records in the notepad he keeps in his pocket. Teddy usually refuses to have bodyguards, because of the distance it would put between him and his constituents and because it might create the impression that Jerusalem is not safe.

In the end, Teddy is just another Jerusalemite. He drives around in a little white Ford Sierra, has lived for many years in a modest three-room apartment and has blocked the many attempts to name buildings, parks and other monuments after him.

Probably Teddy's authenticity is the only way to explain his continual electoral success. Politically, the man makes no sense. He is a liberal in Israel's most hawkish city; a secularist who works on Saturday in the country's most Orthodox religious center. He is a European Jew, an Ashkenazi, in a town where the majority are Jews from the Middle East or North Africa, Sephardic immigrants. He is a loyal Labor Party man in the biggest stronghold of the Likud, the conservative political coalition. Yet he has won every election since 1965, and he has done it while often telling people what they don't want to hear.

Amos Elon, the Israeli author, said: "Teddy is a metropolitan phenomenon. He runs counter to every cliché."

Indeed, Teddy's success as mayor of Jerusalem probably owes a lot to the fact that his tough, no-nonsense temperament is wedded to a unique political outlook that is ideally suited to running the city. Teddy's politics are the politics of limits, which might be summarized as follows:

Jerusalem always has been a city of ghettos. Since there is no time to wait for the residents of these ghettos to resolve their differences — whether between Arabs and Israelis, Christians and Jews, Moslems and Christians or secularists and Orthodox — the city must have a functioning reality that works. Now.

That means two things: first, everyone, including the Jews who are in charge, has to accept limits on his vision of Jerusalem; second, people whose fate has thrown together do not have to learn to love each other, merely to live with each other. Teddy's ideal for Jerusalem is not intermarriage between the many communities, but civilized interaction. Or, as the stamp the mayor puts on every official letter says, "Let's be more tolerant."

"What I am after is small steps, not tremendous concepts," said Teddy, chomping on a cigar. "The idea of peace like Versailles is not a modern idea. What we are learning in Jerusalem is neighborhood relationships; what we hope to learn is tolerance."

He argues that everyone has his corner, and that each group's claim has to be balanced against those of all others.

Teddy who ran for mayor as a third career after having been a founder of Kibbutz Ein Gev and director general of the prime minister's office under David Ben-Gurion, rarely goes around trying overtly to sell his politics of limits. He knows that to try to convince fundamentalist Christians or ultra-Orthodox Jews, who do not

even recognize the Jewish state, that they should tolerate one another would be a futile exercise. Instead he coaxes, appeals to their self-interest, makes deals, forces tradeoffs and plays rough. Usually it is done subtly.

**R**ABBI David Hartman, the Israeli philosopher, notes: "Jerusalem is a city that aspires to fanaticism. This city is messianic, it's revenge, it's the music of eternity, it's the city of pilgrims and dreams. You get away from reality and come here, you get away from reality and walk where Jesus walked, or King David. And then along comes Teddy, who says, 'Look, I'll fix your sewers if you knock off the messianism.' He is the epitome of Machiavellian realism in a city which denies the whole notion of reality."

While it is widely assumed that the greatest threat to Jerusalem comes from Arab-Israeli tensions or Sephardic-Ashkenazi class conflict, neither is the case.

The Arab-Israeli conflict grabs the headlines, but a rather stable modus vivendi is operating on that front, and the upward mobility of the Sephardim and their intermarriage with the Ashkenazim have taken the edge off that issue as well.

In fact, it is the tension between ultra-Orthodox and secular Jews that tends to be the most explosive issue on a day-to-day basis.

The Orthodox population of Jerusalem, which could be defined as those Jews who would prefer to live in an exclusively religious neighborhood where they can observe the Sabbath in complete peace and quiet, is growing far faster than either the Moslem or the secular Jewish population and is making its influence felt accordingly.

Add to this the fact that what little immigration Israel is experiencing these days tends to be Orthodox Jews coming to live in Jerusalem, and the trend becomes very clear. Already, 30 percent of the city's population could be classified as Orthodox Jews, according to Professor Arie Shachar, director of the Hebrew University Institute of Urban and Regional Studies.

The professor added: "The proportion between the Orthodox and non-Orthodox is changing all of the time in favor of the Orthodox. The problem arises from the fact that the Orthodox tend to live separately."

"Before 1967 most of the Orthodox lived in the Mea Shearim neighborhood, near the border with Jordan," Mr. Shachar said. "It was an isolated dead end, and they could live there however they wanted without disturbing anyone else. But when the border was swept away in 1967 and new neighborhoods were built, the religious felt enfolded. New roads were cut through their communities and suddenly a hidden conflict came out in the open."

The conflict has taken many forms, from stone-throwing at cars violating the Sabbath to attempts to block the building of mixed swimming pools or a soccer stadium where "Hellenistic games" would be played on Saturday, to attempts to force all public institutions, even museums, to close on the Sabbath.

One must note that the Orthodox were the city's first Jewish settlers and that until the early 20th century, Jerusalem was almost entirely populated by religious Jews, as the Orthodox are called.

Rabbi Meir Porush, a city councilman from the ultra-Orthodox Agudat Israel Party, said: "Even though Jerusalem has a secular majority, it is a special city in Israel. God is looking over Jerusalem from the beginning of the year to the end. We, the Jews who represent Jewish tradition, have the right to demand that Jerusalem be more holy. We are fighting to keep it a special city."

Most of the new neighborhoods on the north of Jerusalem, such as Ramat, are being taken over by Orthodox families who have expanded out of their traditional enclaves for lack of space.

**T**EDDY has dealt with the situation in typical Teddy fashion. He has sought to satisfy what he believes to be the legitimate demands of the majority of religious Jerusalemites, while at the same time vigorously fighting what he sees as a violent extremist minority of ultra-Orthodox who want to impose their values on others.

"They would turn this into a sterile city," he said. "No museums, no concerts, no theater, no mixing, no exhibitions, no libraries, no fun. There are many people in this city who want to be religious, but in a friendly way. They are being driven out because they cannot stand this fanaticism."

The mayor is currently defending the right of the Moslems to build a religious center in Jerusalem against bitter Orthodox opposition. He has demanded, though, that the Moslems agree not to engage in any proselytizing activities, which the Orthodox fear most. Teddy's is the art of a juggler with a vision.

"You have to pay your homage to the fact that this has been the capital of the Jewish people for 3,000 years," the mayor noted. "But there is a limit to it," and the Orthodox "will not

decide what it is." He added: "What right have they to decide that their concept for Jews is the right one?"

If what happened in the Har Nof neighborhood is any indication, there may be reason for optimism that at least some of Teddy's politics of limits may survive him.

Har Nof is one of the many new neighborhoods on the northwestern edge of the city that have popped up in recent years. It was immediately populated by a wide range of religious Jews and a handful of secular families.

The different kinds of religious Jews can be identified by the kind of head coverings the men wear, says Sarah Kaminker, director of an experimental program in neighborhood self-government, which Teddy has been backing.

Jews wearing knitted yarmulkes are religious but tend to be liberal and nationalistic; they

**'By navigating between all of these different religions, all of these competing visions and all of these wild hopes, Teddy has created a functioning reality for all the people who want to live denying reality.'**

Rabbi David Hartman

send their children to public religious schools. Those who wear velvet yarmulkes or hats and are bearded are more Orthodox, less nationalistic; and they send their children to private religious schools (which also are funded by the state). Finally, there are the ultra-Orthodox Haredim who wear black hats over long, curling sideburns and do not recognize the secular state at all.

What happened in Har Nof was that the religious families got together and formed a self-rule council, dominated by the most Orthodox elements, said Mrs. Kaminker. One of the council's first acts was to write the municipality and ask that all the roads in the neighborhood be closed to traffic on the Sabbath, because it was disturbing their day of rest.

Mrs. Kaminker said: "The 40 or so secular families in the neighborhood got wind of the letter and made an alliance with the knitted yarmulkes, who also did not want the roads closed, against the velvet yarmulkes and the black hats. They wrote to the city and said, 'Keep the roads open.' We told them all, 'Look, why don't you all get together and work it out amongst yourselves?'"

**F**OR two months, the various factions held heated negotiations about which roads should be opened or closed. Eventually, they reached a compromise: No roads would be formally closed, but signs would be put up at the entrances to the neighborhood explaining that this was a religious area and requesting that people respect the feelings of the residents.

"It cost them blood," said Mrs. Kaminker of the negotiations, "but the most important thing about it all was that they learned how to talk to each other. They didn't like it, some of them, but they learned."

As it turned out, the road problem was the least of the neighborhood's worries. Like all new neighborhoods of the city, Har Nof had one school for all the children of the area, built for it by the government. This was not good enough. The knitted yarmulkes insisted on sending their children to school with boys and girls mixed, but the velvet yarmulkes insisted that boys and girls be separated.

Mrs. Kaminker said: "We had to divide the school in half. We cut two new doors in the stone so the more Orthodox boys and girls could enter separately."

Closing her file of papers on Har Nof, she sighed aloud: "How do we live in this city? How do I have the strength to live here anymore?" Eighteen years after its "unification," Jerusalem still is a divided city. The physical walls came down, but the psychological walls stayed up. There is very little voluntary social mixing between Arabs and Jews and there are virtually no mixed neighborhoods. Most Jewish Jerusalemites have never been in an Arab home and vice versa.

While Teddy is as committed to the continuation of Israeli sovereignty over a united Jerusalem as any Israeli official, he parts company with many of his colleagues over how to strengthen the Israeli claim on Jerusalem.

It has always been Teddy's view that the best way to win the world's tacit or explicit recognition of the Israeli administration is not by cramming it down people's throats, moving embas-

sies or making endless declarations, as was the policy of Menachem Begin, the former prime minister, but rather by recognizing the Arabs as a disaffected political minority and trying to deal with their feelings as much as possible within the confines of continued Israeli rule over the city.

As a result of his approach, Teddy's relations with the Arabs of Jerusalem would best be described as complex.

Virtually all of the people from Jerusalem's annexed Arab areas refuse to take part in Israeli national elections, because of the political recognition that voting would imply. But nearly 30 percent of the predominantly male Arab voting population takes part in Jerusalem's municipal elections for the sole purpose of re-electing Mayor Kollek. Teddy's politics of limits, as applied to the Arabs, means insuring them of semi-autonomous control over all Moslem holy places in the Old City and over the education of their children.

But some Jerusalem Arabs complain that the mayor is nothing more than a foreign occupier with a velvet glove, and that while he is prepared to preserve some rights for the Arabs, it is only the bare minimum.

Sari Nusseibeh, a young Arab intellectual from one of Jerusalem's most prominent Palestinian families, said: "What Kollek does is to separate the problems of the West Bank from those of Jerusalem. But he has not provided equal services to Arab areas. Compare the lighting, roads, asphalt and garbage collection in Arab neighborhoods with those of the new Jewish neighborhoods. There is no comparison. Sure, he goes to meet all of the Arab mukhtars on holidays, but I feel there is a kind of condescension there. He is not treating them as equals, but as people to pacify."

But perhaps Sari Nusseibeh's father, Anwar, sums up best the somewhat schizophrenic Arab attitude toward Teddy Kollek. Mr. Nusseibeh, a former Jordanian cabinet minister, has watched Teddy closely for the past 18 years. "The extension of Israeli jurisdiction over Jerusalem has never been accepted by us and can never be accepted," he said. "With Kollek at the head of the municipal administration, he is the focus for the resentment. But the fact is, Arabs and Jews coexist here against the nature of things, and the fact that they do is to Kollek's credit. He is a pragmatist who tries to operate within the political limits of his environment; he is an empire builder with a human touch."

Mr. Nusseibeh added, "I like him immensely personally, and I disagree with everything he represents politically."

Besides his unique personality, another attribute that may have enabled Teddy to march to the beat of his own drum has been his ability to raise money on his own through the Jerusalem Foundation, the nonprofit philanthropic organization established in 1966 to provide funds for community centers, plays, libraries, education programs, clinics and parks which the city treasury could not afford. Because the foundation is not associated with the government, it can move to meet needs quickly and with a minimum of red tape.

Since its establishment, the Jerusalem Foundation has raised more than \$140 million. Unlike many Jewish philanthropies, the foundation allows people to donate money to fund specific projects.

Teddy's fund raising is enhanced by his knack for making people who have known him only briefly feel intimate with him.

Sincha Dimiz, a former Israeli ambassador to Washington, said: "Anyone Teddy does not know is not worth knowing, and anyone Teddy does know is useless to know because their first loyalty is always to him. Whether it is Frank Sinatra or Isaac Stern or Willy Brandt, they all count themselves as personal friends of his. He stays in touch with all of them, remembers all their birthdays. He is very thoughtful about keeping up with everyone."

Which always seems to lead back to the same question: What happens after Teddy? Who is going to provide all the steam?

"No one will succeed Teddy," said Mr. Dimiz. "When he goes, it's the end of an era."

Although the physical experience of living in Teddy Kollek's Jerusalem is one of limits, the mind-set of many of the city's people is still one of utopian fantasy in which, in the end, their vision triumphs over all others and the city becomes theirs. In the long run, unless Jerusalem learns to see the dignity of limits, then with Teddy's passing, said Rabbi David Hartman, "will eventually come an explosion of fantasy which will wash this city with blood."

Teddy is not so sure, or maybe not so pessimistic. It is just not his style. He dismisses a lot of this philosophizing with a flick of the Cuban cigar in his hand. He is, after all, a builder, impatient. He doubts that the day will ever come when the entire crazy quilt of his constituency will learn to love limits and not just respect them.

This article was excerpted from *The New York Times Magazine*.

## A Yen for Din: Most Japanese Coexist With Cacophony

By John Burgess  
Washington Post Service

**N**AGOYA, Japan — It is 21 years since Tomoyo Hanabusa enjoyed peace and quiet in her tiny wooden home in this thriving industrial city west of Tokyo.

Twenty feet (six meters) from her living room stands a concrete trestle that since 1964 has carried Japan's bullet trains at speeds of up to 120 miles (193 kilometers) an hour. They begin passing her home at 6:45 A.M. and run until a few minutes after 11 P.M. — more than 300 times a day.

"When I'm downstairs in the kitchen, it's like getting hit by an earthquake every five minutes," she said. Flowerpots wobble and conversation stops.

After eight seconds, another blue and white bullet has hurried out of sight and things are quiet for a few minutes.

Mrs. Hanabusa is angry about the noise and she is fighting back, but that makes her unusual in Japan. Ten years ago she joined with several hundred neighbors to sue the state-owned Japanese National Railways. Most of them won about \$4,000 each in damages, but they now are appealing the court's refusal to slow the trains.

Unlike Mrs. Hanabusa, most Japanese seem to accept the cacophony. Norio Tanikawa, a noise-complaint specialist with the Tokyo city government, says, "The Japanese are forgiving when it comes to noise."

Much of the noise is inevitable, the result of 120 million people and 46 million motor vehicles competing for space in a country of 146,690 square miles (381,394 square kilometers).

Indeed, a case can be made that what Japanese society today fears is silence. Certainly, the Japanese have put modern science to work fill-

ing any small pockets of silence that still can be found.

Rare is the Japanese street with no loudspeaker. Tiny loudspeakers dole out schedule information at bus stops, issue greetings to customers at supermarket doors and tell pedestrians it is all right to cross the street, but please be careful.

The daily newspaper Asahi Shimbun recently found that the government of Matsuyama City, north of Tokyo, operated 88 loudspeaker towers

**A case can be made that what Japanese society fears is silence. The Japanese have put science to work filling any small pockets of silence that can still be found.**

that kept the local populace up to date on such subjects as animal husbandry, the start of police recruitment and personal comportment.

Collectors of waste paper, who once sang as they walked the streets to advertise their presence, now switch on open-loop taped announcements. There are an estimated 700 such trucks playing the streets of Kyoto.

**E**VEN temples and shrines are not immune. Several years ago, a Tokyo man wrote to the Japan Times to complain that loudspeakers at a famous Zen garden had informed him that "this garden symbolizes the essence of quietness." Another great enemy of silence in Japan is the karaoke machine, a tape player that provides background music for songs, with the user providing the vocals, which the machine then amplifies.

from her apartment installed one in 1978. "Sometimes the music ran until 4 A.M.," she recalls. "I couldn't sleep." She finally forced a lowering of the volume after dozens of trips to the police and city government and health offices.

Tokyo recently has enacted a law that sets specific limits on the times and volume levels for karaoke playing.

Every now and then, frustration with the noise level leads directly to violence. In 1974, a man murdered a neighbor and her two daughters after he became enraged over piano practice by the girls. More recently, a motorcyclist was killed in Tokyo when he struck a line strung between two trees. The police believe it was someone angry over motorcycle gangs using the street for joyriding.

Introduced 10 years ago, karaoke — which translates as "empty orchestra" — has dug in as an established entertainment form. At the last count during a year's period ending in July 1984, they were installed in 882 Tokyo drinking establishments and countless homes. That same year the police got 10,429 complaints about karaoke.

Yoshiki Takagi of Tokyo turned into a citizen activist after a snack shop 10 feet (three meters)

THEY were enacted as part of a national backlash against all kinds of pollution in the early 1970s following the Minamata City mercury poisonings and other celebrated cases. The government has spent millions erecting sound barriers along highways and fitting houses with double windows along the bullet train lines, Mrs. Hanabusa's included.

Those who live next to ordinary railroads, however, receive no government assistance because, in the words of one official, "We'd have to pay for half the houses in Japan."

Declining complaints show that the Japanese government appears to have made important progress against some types of industrial noise. Officials are trying to relocate night landing practice by U.S. jets, following long-standing complaints and legal action from people living around the Atsugi Air Base near Tokyo.

But other fields need attention. A recent government survey, for instance, found that only two of 17 airports included in the study were meeting aviation noise standards set in 1973.

The government sometimes fails to move against citizen noisemakers on the ground that such action might violate the public interest. For instance, reining in the sound trucks of Tokyo could be considered a curtailment of free speech, the police said.

Likewise, the court that rejected the demand by Mrs. Hanabusa and her fellow plaintiffs held that slowing the trains for 50 other neighborhoods along the lines — that, it was argued, would disrupt Japan's transportation network.



Tomoyo Hanabusa on her roof garden, with another bullet train approaching.

JPM 601520











Stock Index

NYSE	1,234.56	1,235.67	1,236.78	1,237.89	1,238.90
AMEX	123.45	123.56	123.67	123.78	123.89
NASDAQ	2,345.67	2,346.78	2,347.89	2,348.90	2,349.01

WEDNESDAY, AUGUST 7, 1985

INTERNATIONAL MANAGER

U.S., European Executives Turn to Arts for Guidance

By SHERRY BUCHANAN  
International Herald Tribune

PARIS—Some U.S. corporations are sending executives to liberal arts courses in art, music, philosophy or politics on company time and money. For example, at Hartwick College, Oneonta, New York, John K. Clemens teaches management by drawing examples from the classics, such as Plato's Republic or Homer's Iliad.

Hartwick is one of several U.S. colleges offering liberal arts courses for executives. Others include Dartmouth College in Hanover, New Hampshire, the Institute for Executive Leadership at Williams College in Williamstown, Massachusetts, and Rhode Island College in Providence, Rhode Island.

And although Europeans are apparently more reluctant to finance their executives' philosophical or cultural activities, there are some courses offering a respite from technical, financial or management training.

The Geneva-based Institute for International Management (IMI), one of Europe's leading business schools, gives an annual seminar to board directors on foreign-policy issues, international trade and social policies. No philosophy or literature courses are on offer there.

"I know what I need to know about business. What I like about this seminar is that I can get current thinking about foreign-policy issues for instance I don't have time to analyze day-to-day," says Henri Pradier, the chief executive of Shell France SA, the French subsidiary of Royal Dutch/Shell Group. He attended an IMI seminar.

The seminars are like melting pots, drawing many nationalities.

A LIBERAL Arts curriculum for executives is offered by the Salzburg Seminar in Austria. This year, the seminar includes a course in contemporary American literature, telecommunications, trade policies and U.S.-European relations. Created by three Harvard professors in 1947, the seminar draws 450 persons to its 10 annual sessions. But only a third are corporate managers. The rest are academics and civil servants.

"We have to work at persuading European corporations to send their people here. They wonder why they should send executives here rather than to more technical institutions," says Thomas B. Ragle, director of the Salzburg Seminar. "We try to bring in mid-career executives who will be in leadership positions."

IBM Europe and the Kreditanstalt für Wiederaufbau, a Frankfurt-based development bank that finances West German investments and exports to developing countries, send their executives to courses that have some relevance to their businesses. They find it hard to justify a seminar's cost—one week in Salzburg costs \$1,000—if it has no immediate benefit for the company.

"The course they attend should have some bearing on our work," says Konrad Busse, a Kreditanstalt adviser who has sent staff to the seminar for the past 14 years. "The point is not the money, it's the time. To spare one of our best people for a session of up to four weeks is not easy."

British Petroleum Co. PLC sends one or two of its legal executives to the Salzburg Seminar's course on U.S. law and legal institutions because of BP's growing business involvement in the United States. "We don't send our executives to get a better appreciation of opera and the arts. We believe that the education process up to the age of 21 takes care of that," says Roger Offen, director of human resources at BP in London.

For European executives, these seminars are like melting pots, providing a neutral ground for politically antagonistic actors from many countries to exchange views.

Luis Di Paolo, director of corporate staffing at ITT Europe in Brussels, attended the Salzburg seminar on telecommunications in June. He was interested in exploring the problem of excess labor due to new technologies. "I didn't get the answers I was looking for," he said. "In that sense you can say it wasn't worth it. But, on the other hand, it's a great forum where views can be exchanged."

Lloyd's Members Fail Test

Record Number Called Insolvent

By Bob Hagerty  
International Herald Tribune

LONDON—Lloyd's of London said Tuesday that a record number of its members failed to pass their annual solvency test.

The high failure rate reflects huge losses facing some members of the insurance exchange and allegations that part of the losses arose through fraud.

Ian Hay Davidson, chief executive of Lloyd's, said the 300-year-old exchange was prepared to use its reserves if necessary to cover the liabilities of the distressed members.

"Lloyd's solvency is as impregnable as it ever was," he asserted at a news conference.

Lloyd's said 517 of its 26,000 members had failed to submit properly audited solvency certificates, required once a year to show that members can cover any losses on insurance underwritten in their names.

The assets pledged to Lloyd's by these members, or "names," fell short of projected losses by a total of \$65.5 million (\$88.4 million).

A year ago, 420 members failed the test, but about two-thirds of those managed to pass before year-end. Mr. Davidson cautioned that the percentage of members who ultimately pass this year would not necessarily be so high.

Those who did not meet last week's deadline for passing are being given another 28 days to show sufficient assets.

If they fail to do so, the members are to be suspended from underwriting.

Most Lloyd's members are wealthy individuals who are not involved directly in the insurance business but seek profits by pledging their wealth to back policies sold by about 385 syndicates, managed by "working" members of Lloyd's.

The profits are often high, but when losses occur members are liable to their last penny if necessary.

Lloyd's said 325 of the members who failed the test belong to syndicates managed by Richard Beckett Underwriting Agencies Ltd., or RBUA, which was formerly known as PCW Underwriting Agencies Ltd. and is owned by Minet Holdings PLC, a British insurance brokerage.

Members of the RBUA syndicate (Continued on Page 11, Col. 4)

W. German Biotech a Late Starter

But Concerns Are Confident of Long-Term Role

By Warren Getler  
International Herald Tribune

FRANKFURT—Despite its heavyweight status in the world's chemical and pharmaceutical industries, West Germany has yet to make its muscle felt in the promising arena of biotechnology.

Being a late starter, however, has failed to unleash a sense of panic.

Although start-up companies in the United States and Japan have been quicker to realize the industrial potential of genetic-engineering breakthroughs, executives of West German chemical giants say that they are confident that the market will be long in maturing, allowing them to bring their financial clout and broad technical expertise to bear.

"At Hoechst, there's not much talk about short-term investment in biotech," said Klaus Weissermel, Hoechst's chief of research. "Instead, we think in terms of a long-range program under what we call 'hi-chem.'"

Robert Fildes, president of Cetus Co., the first major genetic-engineering company to emerge in the United States, said that West German and other European chemical groups "ultimately can be extremely competitive—it's just a matter of time. They've got the money to put things together."

In the meantime, one of the best kept secrets among Germany's chemical triumvirate—Hoechst AG, Bayer AG and BASF AG—is who has been talking to whom in the United States, as West German companies scramble to establish research and licensing agreements with American biotech companies that currently have a competitive edge.

"We're talking with a lot of American biotech companies, but I won't say with whom or about which products," said one BASF executive, echoing the competition.

The allure of biotechnology today is that it promises to be a cost-efficient way of mass producing often rare substances through the use of microorganisms. Genetic engineering, or gene-splicing, is biotech's now long-established tool.

By placing specific genetic material of a desired substance into a host organism, genetic engineers are able to replicate the substance on a large scale and in



Biotechnology research at Hoechst AG.

pure form. Purity has taken on new significance because biotech companies are racing to produce a genetically engineered version of Factor VIII, a blood-clotting agent produced from human blood plasma. Because vast quantities of human plasma are needed to make Factor VIII, there is a risk that potentially lethal blood viruses, such as AIDS, would be contained in the plasma.

Because of a lengthy process for regulatory approval, combined with a market that will take time to define, Hoechst's Mr. Weissermel said major financial returns on investment in biotechnology cannot be expected until the 1990s and beyond.

By the year 2000, the world market for biotechnology products in the medical sector alone could reach \$25 billion, up from the current level of \$100 million to \$200 million, according to estimates by SRI International, a California-based consulting firm. The second most-promising growth market, the agricultural sector, was expected to be about \$8 billion by the turn of the century, SRI predicts.

Luther H. Smithson, head of

BankAmerica Cuts Dividend By Nearly Half

The Associated Press

SAN FRANCISCO—BankAmerica Corp. has reduced its quarterly dividend on its common stock to 20 cents a share from 38 cents, marking its first decrease since 1932.

The corporation posted a second-quarter loss of \$338 million. The loss, primarily caused by a huge increase in its reserves for bad loans, was one of the largest ever for a U.S. financial company.

BankAmerica, the second-largest U.S. bank holding concern, is the parent company of Bank of America, the largest U.S. bank in terms of deposits and the second-largest in assets.

The dividend reduction was recommended by management and approved by the board of directors during a meeting late on Monday attended by H. Joe Selby, acting U.S. comptroller of the currency. The cut was announced following the nine-hour board meeting.

Mr. Selby's office recently completed a four-month examination of BankAmerica. The findings of the audit were presented to the board but details were not available.

It is the company's first common-stock dividend decrease since 1932, a BankAmerica spokesman said.

"We are keenly aware that a reduction in the dividend will be difficult for many of our shareholders, and consequently this was a very hard decision for us," said Samuel H. Armacost, president and chief executive officer.

The company had previously been paying 38 cents a share since 1980.

Mr. Armacost said the reduction showed that key parts of the U.S. economy, which have a major impact on the corporation's loan portfolio, "remain under considerable stress and are responding unevenly to the improvement in general economic conditions."

He added that the dividend reduction is "one of a number of ongoing actions focused on maximizing the corporation's ability to generate profitable growth and products for customers."

The other actions include "the sale of assets that no longer fit the corporate strategy, continued reductions in the growth of operating expenses and the vigorous pursuit of new revenue opportunities," Mr. Armacost said.

Rates at '83 Low As U.S. Treasury Auctions Notes

The Associated Press

WASHINGTON—Yields on three-year Treasury notes fell in Tuesday's auction to the lowest level since 1983.

The U.S. Treasury Department sold \$8.5 billion in three-year notes at an average yield of 9.53 percent, down from 10 percent at the last auction, held on May 15.

The rate was the lowest since 9.48 percent for three-year notes on May 16, 1983.

The sale, which attracted bids totaling \$20.5 billion, is the first in a series of auctions the government is holding this week to raise a record \$21.75 billion in new debt financing.

In addition to the \$8.5 billion in three-year notes, the department will auction \$6.75 billion in 10-year notes on Wednesday. On Thursday, the Treasury will auction \$6.5 billion in 30-year bonds.

Currency Rates

Cross Rates													Aug. 6						
	\$	D.M.	F.F.	£	Old.	B.F.	S. Afr.	Sw.	Nor.	Dan.	Ital.	Port.	Spain	Gr.	Indon.	Thai	Phil.	Mal.	Sing.
American	1.00	3.37	112.47	0.49	0.0167	—	1.597	—	—	—	—	—	—	—	—	—	—	—	—
British	0.63	2.13	70.89	1.00	0.0167	—	—	—	—	—	—	—	—	—	—	—	—	—	—
French	0.009	0.30	100.00	0.004	0.00013	—	—	—	—	—	—	—	—	—	—	—	—	—	—
German	0.003	0.10	33.33	0.001	0.00003	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Japanese	100.00	3,365.00	112,470.00	40.00	1.67	—	—	—	—	—	—	—	—	—	—	—	—	—	—
New York (C)	—	0.2484	82.83	0.39	0.0167	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Paris	—	0.2484	82.83	0.39	0.0167	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Stockholm	—	0.330	108.90	0.12	0.004	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Oslo	—	0.330	108.90	0.12	0.004	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Copenhagen	—	0.330	108.90	0.12	0.004	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Rome	—	0.265	87.89	0.39	0.0167	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Madrid	—	0.169	56.24	0.24	0.008	—	—	—	—	—	—	—	—	—	—	—	—	—	—
London (and Zurich, unless in other European countries, New York rates of 4 P.M.)	—	0.7089	236.47	1.00	0.0167	—	—	—	—	—	—	—	—	—	—	—	—	—	—
C) Commercial (and B) Amounts needed to buy one pound (C) Amounts needed to buy one dollar (B) Units of 100 (A) Units of 1,000 (V) Units of 10,000 N.G.: not quoted; N.L.: not available; —: no data																			
* 20 To buy one pound: \$63.5/50.5																			
Dollar Values																			
Currency per U.S.	Currency per U.S.	Currency per U.S.	Currency per U.S.	Currency per U.S.	Currency per U.S.	Currency per U.S.	Currency per U.S.	Currency per U.S.	Currency per U.S.	Currency per U.S.	Currency per U.S.	Currency per U.S.	Currency per U.S.	Currency per U.S.	Currency per U.S.	Currency per U.S.	Currency per U.S.	Currency per U.S.	Currency per U.S.
American	1.00	3.37	112.47	0.49	0.0167	—	1.597	—	—	—	—	—	—	—	—	—	—	—	—
British	0.63	2.13	70.89	1.00	0.0167	—	—	—	—	—	—	—	—	—	—	—	—	—	—
French	0.009	0.30	100.00	0.004	0.00013	—	—	—	—	—	—	—	—	—	—	—	—	—	—
German	0.003	0.10	33.33	0.001	0.00003	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Japanese	100.00	3,365.00	112,470.00	40.00	1.67	—	—	—	—	—	—	—	—	—	—	—	—	—	—
New York (C)	—	0.2484	82.83	0.39	0.0167	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Paris	—	0.2484	82.83	0.39	0.0167	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Stockholm	—	0.330	108.90	0.12	0.004	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Oslo	—	0.330	108.90	0.12	0.004	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Copenhagen	—	0.330	108.90	0.12	0.004	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Rome	—	0.265	87.89	0.39	0.0167	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Madrid	—	0.169	56.24	0.24	0.008	—	—	—	—	—	—	—	—	—	—	—	—	—	—
London (and Zurich, unless in other European countries, New York rates of 4 P.M.)	—	0.7089	236.47	1.00	0.0167	—	—	—	—	—	—	—	—	—	—	—	—	—	—
C) Commercial (and B) Amounts needed to buy one pound (C) Amounts needed to buy one dollar (B) Units of 100 (A) Units of 1,000 (V) Units of 10,000 N.G.: not quoted; N.L.: not available; —: no data																			
* 20 To buy one pound: \$63.5/50.5																			

Interest Rates

Aug. 6

Instrument	Rate	Source
3-month T-bill	7 1/4%	Fed
6-month T-bill	7 1/4%	Fed
1-year T-bill	7 1/4%	Fed
3-month Treasury note	7 1/4%	Fed
6-month Treasury note	7 1/4%	Fed
1-year Treasury note	7 1/4%	Fed
3-month commercial paper	7 1/4%	Reuters
6-month commercial paper	7 1/4%	Reuters
1-year commercial paper	7 1/4%	Reuters
3-month bank deposit	7 1/4%	Reuters
6-month bank deposit	7 1/4%	Reuters
1-year bank deposit	7 1/4%	Reuters
3-month swap	7 1/4%	Reuters
6-month swap	7 1/4%	Reuters
1-year swap	7 1/4%	Reuters
3-month futures	7 1/4%	Reuters
6-month futures	7 1/4%	Reuters
1-year futures	7 1/4%	Reuters

Brazil's Economic Boom Causes Concern at IMF

By Juan de Onis  
Los Angeles Times Service

RIO DE JANEIRO—Four months after the restoration of civilian government in Brazil, the largest marketplace in Latin America, an unexpected economic surge is under way.

Automotive factories are adding new workers and night shifts to mass production and meet domestic and foreign consumer demand.

Sales of tractors and farm equipment are up, and farmers are harvesting abundant crops under generous government credit and price-support programs.

The major private banks are all reporting large profits for the first half of the year. Interest rates have kept ahead of inflation rates.

Unemployment in the big industrial centers is down, and wage earners have more purchasing power as a result of the slowdown in inflation. Supermarket sales levels here and in São Paulo are 10 percent above what they were at the end of last year.

The buoyancy of the domestic market grows out of consumer demand spurred by a combination of price controls, consumer subsidies and an expansionary wage policy that includes public employees.

The cost is a public deficit that has been estimated by a mission from the International Monetary Fund at over \$10 billion this year. It is being financed by increasing the money supply and a bigger internal public debt at high interest rates.

According to the IMF, if the deficit is not eliminated, inflation will break through the price control system and destroy the economic recovery. Since March, when the new government took office, prices have increased at an average monthly rate of 8 percent, compared with 12 percent a month in the first three months of the year.

The government's target for internal borrowing this year was set at 27 trillion cruzeiros (\$4.18 billion). Through July, it borrowed 20 trillion cruzeiros, so spending must be reduced to avoid the money-supply increases that would drive inflation over the planned level of about 200 percent this year. Last year it was 227 percent.

Government economic planners argue that a spending cutback would stifle growth and reduce tax revenues, deepening the fiscal deficit.

President José Sarney, who came

This announcement appears as a matter of record only.

**almabani**  
GENERAL CONTRACTORS

**US\$54,794,520.55**

**Syndicated Standby Facilities for Guarantees and Working Capital**

**Lead Managers**  
Al Bank Al Saudi Al Fransi  
(The Saudi French Bank)  
Saudi American Bank

**Managers**  
Banque Nationale de Paris  
Citibank, N.A.  
Lloyds Bank International Limited - Bahrain Branch  
Banque Indosuez (Bahrain OBU)  
Societe Generale (Bahrain Branch)

**Participants**  
Banque Libano-Francaise (France) S.A.  
Saudi Lebanese Bank For The Middle East  
Societe Bancaire Arabe S.A.  
Royal Bank of Canada (Middle East) S.A.L.

**Issuers of Guarantees and Providers of Funds**  
Al Bank Al Saudi Al Fransi  
(The Saudi French Bank)  
Saudi American Bank

**Agent**  
البنك السعودي الفرنسي  
Al Bank Al Saudi Al Fransi

June 1985

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A member of the Sharp Group since 1967











## U.S. Futures

Aug. 6

Season High Low Open High Low Close Chg.

Grains

WHEAT (CBOT)

5,000 bu minimum—dollars per bushel

1984-85

1985-86

1986-87

1987-88

1988-89

1989-90

1990-91

1991-92

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## BUSINESS ROUNDUP

Arab Bank  
Says Profit  
Up by 10%

MANAMA, Bahrain — The Bahrain-based Arab Banking Corp. said Tuesday that the bank and its subsidiaries had a net profit of \$76 million in the first half of this year, up 10 percent from \$69 million a year earlier.

Total group assets rose by 19 percent to \$2.82 billion in June 1985, from \$2.39 billion a year earlier.

The group's overall loan portfolio went up 24 percent from \$4.04 billion in June 1984 to \$5.02 billion in June this year, ABC said.

ABC, jointly owned by the governments of Kuwait, Libya and Abu Dhabi, includes the parent company in Bahrain, Arab Banking Corp.-Doha & Co. GmbH, an investment bank in Frankfurt, and Banco Autonomo SA, a retail bank in Spain.

It also has the merchant banking subsidiaries of ABC International Ltd. in London and ABC Banque Internationale de Monaco in Monte Carlo. The group's most recent acquisition, made in May, was a 75-percent stake in Sun Hung Kai Bank Ltd. of Hong Kong.

## Icahn Raises TWA Stake to 40.6%

WASHINGTON — Carl C. Icahn, the New York investor, disclosed Tuesday that he has raised his interest in Trans World Airlines Inc. to 13.9 million shares, or 40.6 percent of the total outstanding, from the 35-percent stake he had announced earlier.

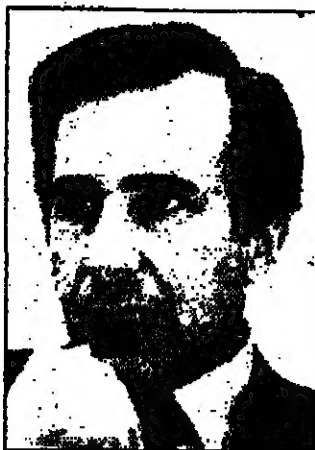
In a filing with the U.S. Securities and Exchange Commission, Mr. Icahn said he bought 7,688,000 additional shares between July 12 and Aug. 5 for \$59.8 million, or an indicated average price of \$22.25 a share.

Analysts said the disclosure, which comes one day after Mr. Icahn announced a new \$24-a-share bid for TWA, raises doubts about the ability of Texas Air Corp. to consummate a previously announced merger with TWA.

Mr. Icahn's latest offer, for \$19.50 a share cash and \$4.50 in preferred paper, is a nominal \$1-a-share higher than the bid by Texas Air Corp. which was accepted by TWA on June 13 after Mr. Icahn made his initial offer to buy the carrier.

## Thio Nickel Mine Reopens

NOUMEA, New Caledonia — Société Le Nickel's Thio nickel mine restarted production Tuesday after a week-long closure, which mine officials said has seriously upset output plans.



Carl C. Icahn

TWA's common stock fell 50 cents a share to close at \$22.12 1/2 on the New York Stock Exchange. Texas Air's common stock rose 50 cents a share to end at \$18.25 on the American Exchange.

Mr. Icahn, who initially offered \$18 a share for TWA, asked the carrier's directors to submit his latest offer to shareholders "in the event they turned down Texas Air's bid." He said his group intended to vote all its shares against the Texas Air proposal.

Since a majority vote is required to pass the Texas Air bid, analysts said that Mr. Icahn's increasing stake in TWA raises doubts about whether the Texas Air proposal will succeed.

After the Texas Air-TWA agreement was reached June 13, the union for TWA's pilots announced an agreement with Mr. Icahn under which the pilots would take a 20-percent pay cut if he gained control of the carrier.

On Monday, Mr. Icahn said he had reached new agreements with both the pilots' union, the Air Line Pilots Association, and with the International Association of Machinists and Aerospace Workers, under which the machinists and pilots would receive stock ownership and profit sharing.

Ulrich Hoffmann, TWA's general counsel, and a Texas Air spokesman declined comment.

(AP, Reuters)

## COMPANY NOTES

BMW said it will introduce a diesel version of its BMW 324 series of autos for the first time in October. A company spokesman declined to say how many diesels 324s were expected to be sold in the first year but said West Germany and Italy were likely to be the model's biggest markets.

Chifley's international stockbroker subsidiary, Vickers da Costa Ltd., and a Melbourne stockbroker, Clarke & Co., will set up a 50-50 Australian joint venture, Citicorp said.

G.J. Coles & Co. will offer 3.25 Australian dollars (\$2.31) cash per ordinary share for Myer Emporium Ltd. under a merger plan that replaces Coles's previously announced bid of 3 dollars a share, the companies said in a joint statement.

Corning Glass Works of the United States said it has set up a joint-venture company in Shanghai that will provide equipment and services for use in the production of specialty glass. Corning said it will hold a 50-percent share in the company, Shanghai Corning Engineering Corp.

Empresa Nacional de Electricidad del Rincón de la Libertad SA, the Spanish government-owned electrical utility, was to sign a syndicated loan on Tuesday of 20 billion pesetas (\$120 million) to cancel \$100 million of its foreign currency denominated debt, a company spokesman said.

General Motors Corp. and Akebono Brake Industry Co., Japan's largest brake manufacturer, will establish a joint venture for the development and production of brakes in the United States, Akebono officials announced.

House of Fraser PLC said that as of Monday it held 43.96 million ordinary shares or 26.1 percent of Debenhams PLC. Fraser acquired a 24.97-percent stake in Debenhams during the course of the Burton Group PLC's successful bid for

Lily of Norway  
In \$133-Million  
Bid for Kosmos

OSLO — Norway's Lily shipping company offered on Tuesday 1.1 billion kroner (\$132.9 million) for 50.1 percent of Kosmos, an industrial group.

Kosmos has controlling interests in Norwegian shipyards, large tracts of forest land, European passenger ferries and offshore oil platforms.

Analysts described the bid as one of the most daring moves seen on the expanding Oslo Stock Exchange. They said Kosmos, based in Sandefjord, in southern Norway, was likely to resist the takeover. But a Kosmos spokesman said the group would examine the offer before responding.

Nordfinns Bank Zurich, the Swiss bank, is the largest shareholder in Kosmos, and analysts said Lily was confident the foreign shareholders would be willing to sell.

Debenhams, which ended last week.

Instituto per la Ricostruzione, Italy's government-run industrial holding group, declined comment on Italian press reports saying that it plans to sell a minority stake in Alfa Romeo to Techint, which said the article was "without any foundation."

Johnson & Johnson and Carter Wallace Inc. have stopped some clinical testing of a heart-disease drug, Bepidol, because of deaths among patients in a study group in the United States, spokesmen said.

Merek & Co. said it will make additional purchases of up to \$200 million worth of its common stock for its treasury.

Reed International PLC said it is engaged in detailed talks for the sale of the British operations of its Reed Building Products Group to an investment group that includes a number of financial institutions and members of management of Reed Building Products.

For the moment, Mr. Waldeck stressed, Boehringer has no plans

## W. Germany Late Starter in Biotech

(Continued from Page 9)

sermel said, accounts for nearly a third of what he estimated to be a total 480 million DM earmarked for biotechnology this year by West German companies.

But, as Mr. Weissert pointed out, the \$200 million in combined industry and government spending on biotech in West Germany for 1985 still pales in comparison to what he estimated will be \$1 billion in expenditures in the United States and to the \$300 million in spending he projected for Japan.

Investing millions of marks, moreover, is not going to overcome what Mr. Weissert and others described as a "serious shortage of highly qualified scientists" in biotechnology and more specifically, genetic engineering, in West Germany.

Boehringer is one of the few West German companies to have made a direct investment in the U.S. biotechnology industry. In 1981, it signed a 10-year research contract on molecular biology, valued at about \$60 million, with a prominent biotechnologist, Howard Goodman, of Boston's Massachusetts General Hospital.

The other notable exception came in March when Boehringer Ingelheim Zentrale GmbH, a smaller West German pharmaceuticals group, paid \$40 million for a 5 percent stake in San Francisco-based Genentech Inc., one of the oldest and largest biotech companies in the United States.

Franz Waldeck, head of research at Boehringer, said German companies may become more interested in buying into U.S. companies in anticipation of a potential shake-out among those state-owned biotech companies. Some of these companies are struggling to meet the heavy costs involved in waiting the five to seven years it takes for U.S. regulatory approval of gene-spliced products.

"I bet within the next few years many small U.S. biotech companies will find it hard to survive. I wouldn't rule out that German and other established European companies will play a major role," in acquiring control of those innovative, yet financially pressed companies, he said.

For the moment, Mr. Waldeck stressed, Boehringer has no plans

to increase what he described as his company's "good will" stake in Genentech.

Boehringer's current focus is on competition at home. The company, with 1984 sales of 4.1 billion DM, is running head-to-head with Hoechst, which is 10 times larger, to bring tissue plasminogen activator, or tPA, to market. Through cooperative efforts with Genentech, Boehringer hopes to introduce TPA, a genetically engineered product designed to dissolve blood clots during heart attacks, in Europe by 1987.

The annual market for TPA, Boehringer executives estimate, could be well over 1 billion DM.

The company also has high expectations to market in 1987 — again, in conjunction with Genentech — gamma-type interferon, a gene-spliced agent used for combating viruses and, it is hoped, cancer tumors.

Boehringer last month established a joint-venture cancer-research center with Genentech in Vienna and will raise outlays for biotech programs by 60 percent this year to 40 million DM. Next year, Mr. Waldeck said, spending on biotech is to increase to 60 million-65 million DM.

In addition to nearly 1 billion DM of government support for biotech planned during the next four years, most major West German chemical and pharmaceutical companies are stepping up their own spending on in-house research and development. They are also expanding joint-ventures with market leaders in the United States and Japan, as well as licensing agreements with companies abroad.

BASF has cooperative research agreements on a tumor-fighting substance, TNF, with Biogen and is understood to be holding talks to expand its cooperative links to that company.

Bayer, through its Cutter Laboratories Inc. subsidiary in the United States, is involved with Genentech in the development of a gene-spliced version of Factor VIII, the agent used to treat hemophilia. Cutter currently produces a natural form of Factor VIII from human blood plasma.

At a recent Frankfurt conference

on "emerging technologies" sponsored by SRI International, analysts suggested that West Germany has lagged behind in biotech, and may continue to do so, largely because its industries are too heavily oriented toward traditional chemistry, with relatively little use of living organisms in the production process.

"The problem at German chemical giants BASF, Bayer and Hoechst is that their boards are nearly completely staffed with chemists with little experience in the biological sciences," said Mr. Smithson, SRI's biotechnology division chief.

"Rather than putting biotech teams under the bureaucracy of chemistry-oriented R & D directors, the big German companies could benefit," he said, by setting up "independent, small business units managed by people intimately familiar with the subject. That's exactly what IBM did when it developed its personal computer."

Another brake on biotech developments here, Mr. Smithson and others pointed out, has been the reluctance of biologists and genetic engineers in academe to start up their own biotechnology-venture companies.

The West German technology minister, Heinz Riesenhuber, said in an interview that start-up biotech companies were virtually nonexistent until early last year. Today, there are about 10 West German genetic-engineering companies, most of them clustered around four new state-supported basic research centers in Heidelberg, Munich, Cologne and Berlin.

The centers, employing the research facilities of some of West Germany's biggest universities, are being financed by the federal government and by Hoechst, Bayer, BASF, Schering AG and other leading chemical and pharmaceutical groups.

"At these centers, as well as our so-called national lab for genetic research in Braunschweig, we're striving to assemble a critical mass of expertise," said Mr. Riesenhuber. "Our goal is to recognize important developments early on and get our best teams working on them."

## Ford Discusses Venture in China

United Press International

BEIJING — Ford Motor Co. is holding exploratory talks with China on setting up a joint venture to manufacture light vehicles, the vice president of the U.S. automaker, Lindsey Halstead, said Tuesday.

Mr. Halstead, visiting China at the invitation of the China Automotive Industry Corp., met Monday with Deputy Prime Minister Wan Li, the Xinhua news agency said.

China Automotive would be the Chinese partner in any joint-venture agreement, according to the agency. The venture would involve introducing the latest technology to China, it added.

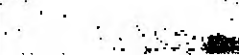
"We are holding very exploratory talks this time and expect to have many more discussions before we can make a decision," Mr. Halstead said.

Japanese automakers are also talking with the Chinese about the same joint venture, Western business sources said.

**Tuesday's OTC Prices**  
NASDAQ prices as of 3 p.m. New York time.  
Via The Associated Press

12 Month		High	Low	Stock	Div. Yld.	12 Month	High	Low	Stock	Div. Yld.	12 Month	High	Low	Stock	Div. Yld.	12 Month	High	Low	Stock	Div. Yld.				
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## *Portrait of a Painter*

**New York Times Service**

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Despite the advances of technology, though, fire lines are still dug by hand. "We've tried a lot of machines," said Bill McCleese, the Forest Service's assistant director for fire management in Washington. "But with the kind of terrain we work in there's nothing to replace the human being with a shovel."

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□  
Sir Freddie Laker, whose cul-  
ture trans-Atlantic airline went  
bankrupt in 1982, married Jacque-  
line Ann Harvey, a former Eastern  
airlines flight attendant, on Tues-  
day, his 63d birthday. Harvey, 42,  
American, is a public relations

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